

Senate Calendar

WEDNESDAY, MAY 20, 2026

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ACTION CALENDAR

UNFINISHED BUSINESS OF THURSDAY, MAY 14, 2026

Second Reading

Favorable with Proposal of Amendment

H. 937.

An act relating to miscellaneous judiciary procedures.

Reported favorably with recommendation of proposal of amendment by Senator Hashim for the Committee on Judiciary.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 2, 7 V.S.A. § 656, after the second ellipses, by inserting the following:

(d) Issuance of notice of suspension.

(1) On behalf of the Commissioner of Motor Vehicles, a law enforcement officer issuing a notice of violation in accordance with subsection (c) of this section for a violation of subdivision (b)(1)(E) of this section shall also serve a notice of suspension of the person's operator's license and privilege to operate a motor vehicle in a form prescribed by the Court Administrator. The form shall include the following:

(A) the effective date of the suspension;

(B) the suspension's duration;

(C) an explanation of the consequences of the suspension;

(D) the option to operate a motor vehicle with an ignition interlock restricted driver's license or certificate in accordance with 23 V.S.A. § 1213;

(E) the projected date of reinstatement upon successful completion of the suspension; and

(F) the ability to review the imposition of the suspension pursuant to Rule 75 of the Vermont Rules of Civil Procedure.

* * *

Second: By striking out Sec. 3, 7 V.S.A. § 1005, in its entirety and inserting in lieu thereof a new Sec. 3 to read as follows:

Sec. 3. [Deleted.]

Third: In Sec. 5, 12 V.S.A. § 506, in subdivision (b)(3)(C), by striking out “affirmation” and inserting in lieu thereof “affirmative”

Fourth: By adding eight new sections to be Secs. 40a–40h to read as follows:

Sec. 40a. 28 V.S.A. § 102 is amended to read:

§ 102. COMMISSIONER OF CORRECTIONS; APPOINTMENT;
POWERS; RESPONSIBILITIES

* * *

(c) The Commissioner is charged with the following responsibilities:

* * *

(24) To provide and sustain trauma-informed family support services and programming pursuant to section 128 of this title.

(25) To provide notification and other services to victims. Notwithstanding any other provision of law requiring the Department to provide notification or other services to victims, a victim may decline any notification or other service provided by the Department.

Sec. 40b. 13 V.S.A. § 2029 is amended to read:

§ 2029. HOME IMPROVEMENT AND LAND IMPROVEMENT FRAUD

* * *

(b) A person commits the offense of home improvement or land improvement fraud when the person knowingly enters into a contract ~~or~~, agreement, or change order, written or oral, for \$1,000.00 or more, with an owner for home improvement or land improvement, or into several contracts ~~or~~, agreements, or change orders for \$2,500.00 or more in the aggregate, with more than one owner for home improvement or land improvement, and the person knowingly:

~~(1)(A) fails to perform the contract or agreement, in whole or in part; and~~

~~(B) when the owner requests performance, payment, or a refund of payment made, the person fails to either:~~

~~(i) refund the payment;~~

~~(ii) make and comply with a definite plan for completion of the work that is agreed to by the owner; or~~

~~(iii) make the payment~~ promises performance that the person does not intend to perform or knows will not be performed, in whole or in part;

(2) misrepresents a material fact relating to the terms of the contract ~~or~~, agreement, or change order or to the condition of any portion of the property involved;

(3) uses or employs any unfair or deceptive act or practice in order to induce, encourage, or solicit such person to enter into any contract ~~or~~, agreement, or change order or to modify the terms of the original contract ~~or~~, agreement, or change order; or

(4) when there is a declared state of emergency, charges for goods or services related to the emergency a price that exceeds two times the average price for the goods or services and the increase is not attributable to the additional costs incurred in connection with providing those goods or services.

* * *

Sec. 40c. 12 V.S.A. § 5606 is amended to read:

§ 5606. INDEMNIFICATION OF EMPLOYEES

(a) In any action defended by the Attorney General or the Attorney General's designee in which a judgment is rendered against an employee of the State for acts or omissions within the scope of his or her employment, or a settlement requires payment by such a person, and the right of action is based upon 42 U.S.C. § 1983 or a similar State statute, or under a similar federal statute where State law is incapable of establishing employee immunity, the State shall indemnify the employee for the amount of the employee's liability.

(b) The maximum liability of the State under this section shall be \$500,000.00 to any one person and the maximum aggregate liability shall be \$2,000,000.00 to all persons arising out of each occurrence.

* * *

Sec. 40d. 2023 Acts and Resolves No. 47, Sec. 44 is amended to read:

Sec. 44. TENANT REPRESENTATION PILOT PROGRAM

(a) Creation; purpose. Vermont Legal Aid shall create and administer a two-year Tenant Representation Pilot Program:

(1) to provide full representation to eligible and consenting tenants in ~~Lamoille and Windsor counties~~ Vermont who have been served with a summons and complaint for eviction; and

(2) to determine the impact of representation on the issuance of writs of possession and homelessness prevention.

(b) Tenant eligibility. Vermont Legal Aid may enter a notice of appearance on behalf of a residential tenant ~~in Lamoille or Windsor County~~ who is served with a summons and complaint in an ejectment action, consents to the representation, and meets the following criteria:

(1) household income equals or is less than 120 percent of State area median income;

(2) the cost of rent equals or exceeds 30 percent of household income;
or

(3) household expenses exceed income.

(c) Scope of representation.

(1) Full representation through the Program is limited to eviction.

(2) The pursuit of counterclaims shall be at the discretion of appointed counsel.

(d) Conflicts of interest.

(1) Vermont Legal Aid may subcontract to Legal Services Vermont if it is unable to provide tenant representation due to a conflict of interest as defined by the Vermont Rules of Professional Conduct.

(2) If Legal Services Vermont also has a conflict of interest, Vermont Legal Aid may subcontract to one or more private counsels who are members in good standing of the Vermont Bar.

(e) Report. Vermont Legal Aid shall provide interim reports on the progress of the Program on or before ~~November 15, 2023~~ November 30, 2025, and ~~November 15, 2024~~ November 30, 2026, and a final report on or before ~~July 30, 2025~~ July 31, 2027, which shall describe:

(1) the number of tenants represented;

(2) case outcomes, including:

(A) the number of cases fully or partially resolved through access to the Rent Arrears Assistance Fund;

(B) the number of cases fully or partially resolved through the Vermont Landlord's Association mediation program; and

(C) the number of cases fully or partially resolved through access to another resource identified through the Rental Housing Stabilization Services Program; and

(3) recommendations for policy changes and for pilot expansion.

(f) Implementation. The duty to implement this section is contingent upon an appropriation in fiscal year ~~2024~~ 2025 from the General Fund to the Agency of Human Services for a subgrant to Vermont Legal Aid to provide representation in eligible eviction cases ~~in the two pilot counties of Lamoille and Windsor beginning on July 1, 2023~~ November 1, 2024.

Sec. 40e. 2024 Acts and Resolves No. 181, Sec. 95. is amended to read:

Sec. 95. APPROPRIATION; TENANT REPRESENTATION PILOT PROGRAM

The sum of \$1,025,000.00 is appropriated from the General Fund to the Agency of Human Services in fiscal year 2025 for a grant to Vermont Legal Aid for the Tenant Representation Pilot Program established by 2023 Acts and Resolves No. 47, Sec. 44. These funds shall carry forward each fiscal year until fully expended or reverted by an act of the General Assembly.

Sec. 40f. 9 V.S.A. § 4555 is amended to read:

§ 4555. INFORMATION; DISCLOSURE AND CONFIDENTIALITY

(a)(1) Except as provided in this subsection, the Human Rights Commission's complaint files and investigative files shall be confidential.

(2) The Commission shall make the investigative file available to the charging party, the respondent, their attorneys, and any State or federal law enforcement agency seeking to enforce ~~anti-discrimination~~ antidiscrimination statutes, upon reasonable request, except that the Commission may refuse to disclose:

(A) the identities of nonparty witnesses to the investigation if good cause is shown to protect the witness's confidentiality; or

(B) records or information the release of which may be prohibited under State or federal law absent court order.

(3) For any complaint initiated pursuant to subsection 4554(b) of this title, any resulting investigative report shall not be confidential after the Commission has issued a final determination and after the parties have been notified of the Commission's determination, except that the Commission shall not proactively disclose any report and shall not disclose:

(A) the identities of nonparty witnesses to the investigation if good cause is shown to protect the witness's confidentiality;

(B) information the release of which may be prohibited under State or federal law absent court order; and

(C) the identity of the parties and any information that would identify the parties if the Commission finds that there are no reasonable grounds to believe that discrimination occurred.

(4) A party or entity denied information or records under subdivision (2)(A) or (B) of this subsection may seek the information or records by subpoena. The Commission and any affected person may contest the subpoena in court.

(4)(5) Any records or information described in subdivision (2)(A) or (B) of this subsection made available to a party or entity pursuant to a confidentiality agreement or court order requiring confidentiality shall be kept confidential in accordance with the agreement or order, unless disclosure is otherwise authorized by law or court order.

(b) Nothing said or done as part of conciliation efforts under this chapter may be made a matter of public record or used as evidence in a subsequent civil action without written consent of the parties. Final settlement agreements shall be public documents and the parties shall be so informed.

(c) If the Commission determines that there are reasonable grounds to believe that discrimination has occurred, that determination and the names of the parties may be made public after the parties have been notified of the Commission's determination. If the Commission finds that there are no reasonable grounds to find discrimination, the identity of the parties and any information that would identify the parties shall remain confidential. The Commission shall inform the parties about the provisions of this subsection. In all cases, even if the records are confidential, the facts may be used for educational purposes if sufficiently altered so that no person involved in a case can be identified.

Sec. 40g. APPLICATION TO PENDING INVESTIGATIONS

Sec. 40f of this act shall apply to any pending investigations by the Human Rights Commission.

Sec. 40h. 15 V.S.A. § 1103 is amended to read:

§ 1103. REQUESTS FOR RELIEF

(a) Any family or household member may seek relief from abuse by another family or household member on behalf of themselves or their children by filing a complaint under this chapter. A minor 16 years of age or older, or a minor of any age who is in a dating relationship as defined in subdivision 1101(3) of this chapter, may file a complaint under this chapter seeking relief on the minor's own behalf. The plaintiff shall submit an affidavit in support of the order.

(b) Except as provided in section 1104 of this title, the court shall grant relief only after notice to the defendant and a hearing. The plaintiff shall have the burden of proving abuse by a preponderance of the evidence.

(c)(1) The court shall make such orders as it deems necessary to protect the plaintiff or the children, or both, if the court finds that the defendant has abused the plaintiff, and:

(A) there is a danger of further abuse; or

(B) the defendant is currently ~~incarcerated~~ under the supervision of the Department of Corrections and has been convicted of one of the following: murder, attempted murder, kidnapping, domestic assault, aggravated domestic assault, sexual assault, aggravated sexual assault, stalking, aggravated stalking, lewd or lascivious conduct with a child, use of a child in a sexual performance, or consenting to a sexual performance.

* * *

(Committee Vote: 5-0-0)

(For House amendments, see House Journal of March 24, 2026, pages 3522)

Reported favorably by Senator Norris for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposals of amendment as recommended by the Committee on Judiciary.

(Committee vote: 7-0-0)

UNFINISHED BUSINESS OF TUESDAY, MAY 19, 2026

Second Reading

Favorable

H. 550.

An act relating to gender equity within Vermont's correctional facilities.

Reported favorably by Senator Plunkett for the Committee on Institutions.

(Committee vote: 3-2-0)

(For House amendments, see House Journal of March 18, 2026, pages 3344-3353)

Favorable with Proposal of Amendment

H. 841.

An act relating to miscellaneous animal welfare procedures.

Reported favorably with recommendation of proposal of amendment by Senator Collamore for the Committee on Government Operations.

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

Sec. 1. 20 V.S.A. chapter 190 is amended to read:

CHAPTER 190. DIVISION OF ANIMAL WELFARE

§ 3201. DEFINITIONS

As used in this subchapter:

(1) "Animal" has the same meaning as in 13 V.S.A. § 351, provided that the animals or activities regulated under this chapter shall not apply to:

(A) activities regulated by the Department of Fish and Wildlife pursuant to 10 V.S.A. Part 4;

(B) scientific research governed by accepted procedural standards subject to review by an institutional animal care and use committee;

(C) livestock and poultry husbandry practices for the raising, management, and use of domestic animals;

(D) veterinary medical or surgical procedures; and

(E) the killing of an animal as authorized pursuant to sections 3809 and 3545 of this title.

(2) "Director" means the Director of Animal Welfare and includes the Director's designee.

(3) "Division" means the Division of Animal Welfare.

(4) "Domestic animal" has the same meaning as in 6 V.S.A. § 1151(2).

§ 3202. ESTABLISHMENT OF DIVISION OF ANIMAL WELFARE; POWERS AND DUTIES

(a)(1) The Division of Animal Welfare is established within the Department of Public Safety. The Commissioner of Public Safety shall appoint a Director of Animal Welfare who shall be in immediate charge of the Division. The Director shall be qualified by education and professional

experience to perform the duties of the position. The Director shall have at least the following minimum qualifications:

(A) experience in interpreting or knowledge of animal welfare laws and rules;

(B) knowledge of animal welfare stakeholders in the State and regionally; and

(C) knowledge of the causes and characteristics of animal welfare and animal cruelty issues.

(2) The Director position shall be a classified service position in the Department of Public Safety.

(b)(1) The Director shall develop a comprehensive plan for the development, implementation, and enforcement of the animal welfare laws of the State. In developing the comprehensive plan, the Director shall first review the 2023 Report on Unification of Animal Welfare and Related Public Safety Function and similar reports and proposed legislation. The plan shall include:

(A) how the Director shall oversee investigation and response to animal cruelty complaints in the State in order to provide the best services to Vermont's animals statewide;

(B) how the Director shall coordinate administration and enforcement of animal welfare laws in the State in a collaborative manner with those law enforcement officers and municipalities that retain authority to enforce animal cruelty requirements in the State;

(C) how the State should address the extent and scope of any deficiencies in Vermont's system of investigating and responding to animal cruelty complaints;

(D) how the State should ensure that investigations of animal cruelty complaints are conducted according to systematic and documented written standard operating procedures and checklists;

(E) a proposal to house and care for animals seized in response to complaints of animal cruelty, including how to pay for the care of seized animals;

(F) a proposal for funding animal welfare administration and enforcement in the State, including potential sources of public and private funding; and

(G) recommended amendments to animal welfare statutes or rules, including standards of care for animals housed or imported by animal shelters or rescue organizations.

(2) The Director of Animal Welfare shall submit the comprehensive plan required by this subsection and any revisions thereto to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations not later than eight months after the date of hiring of the Director.

(c) The Director of Animal Welfare shall consult with other State agencies that respond to animal welfare complaints or with animal welfare responsibilities to estimate the number and type of animal welfare complaints received by State agencies and to quantify the amount of time State agency staff expend in fulfilling animal welfare responsibilities, including the costs to agencies of fulfilling the responsibilities.

(d) The Director of Animal Welfare shall be the sole employee of the Division of Animal Welfare until the comprehensive plan required under subdivision (b)(2) of this section is completed and the General Assembly enacts legislation, as needed, to implement the comprehensive plan.

(e) The Division of Animal Welfare may adopt rules pursuant to 3 V.S.A. chapter 25 to implement the provisions of this chapter.

(f)(1) The Director of Animal Welfare shall require that animal shelters, rescue organizations, and pet dealers, and any person importing one or more domestic pets into the State of Vermont for adoption, sale, other transfer, or breeding shall register with the Division of Animal Welfare. The registration required by this subsection shall include information on animal intake, production, inventory, and disposition. No fee shall be charged for the registration.

(2) If a person fails to register as required by subdivision (1) of this subsection the Director shall:

(A) for a first violation, issue the person a warning; and

(B) for a second or subsequent violation, issue a fine and a cease and desist order to the same extent that the Secretary and municipal legislative bodies have authority to issue such orders under chapter 193 of this title.

(3) This subsection shall not apply to an individual importing a domestic pet for personal purposes.

§ 3203. ANIMAL WELFARE FUND

(a) The Animal Welfare Fund is established within the Department of Public Safety to fund the expenses incurred by the Division of Animal Welfare in implementing the requirements of this chapter. The Director of Animal Welfare shall administer the Fund.

(b) The Fund shall consist of:

(1) 67 percent of the revenue collected from the surcharge assessed under subsection 3581(f) of this title; and

(2) ~~appropriations~~ transfers made by the General Assembly; and

(3) any donations, grants, or gifts made to the Fund.

(c) All balances in the Fund at the end of the fiscal year shall be carried forward. Interest earned by the Fund shall remain in the Fund.

Sec. 2. 20 V.S.A. § 3552 is added to read:

§ 3552. SEXUAL STERILIZATION OF STRAY CATS WITH NO KNOWN OWNER

An animal shelter or rescue organization that, pursuant to a contract with a municipal legislative body, impounds a stray cat with no known owner may have the cat sexually sterilized not sooner than one day after the impound.

Sec. 3. 20 V.S.A. § 3581 is amended to read:

§ 3581. GENERAL REQUIREMENTS

(a) A person who is the owner of a dog or wolf-hybrid more than six months old shall annually on or before April 1 cause it to be registered, numbered, described, and licensed on a form approved by the Secretary for one year from that day in the office of the clerk of the municipality in which the dog or wolf-hybrid is kept. A person who owns a working farm dog and who intends to use that dog on a farm pursuant to the exemptions in section 3549 of this title shall cause the working farm dog to be registered as a working farm dog and shall, in addition to all other fees required by this section, pay \$5.00 for a working farm dog license. The owner of a dog or wolf-hybrid shall cause it to wear a collar and attach a license tag issued by the municipal clerk to the collar. Dog or wolf-hybrid owners shall pay for the license \$4.00 for each neutered dog or wolf-hybrid, and \$8.00 for each unneutered dog or wolf-hybrid. If the license fee for any dog or wolf-hybrid is not paid on or before April 1, its owner or keeper may thereafter procure a license for that license year by paying a fee of 50 percent in excess of that otherwise required.

(b) Before a person shall be entitled to obtain a license for a neutered dog or wolf-hybrid, ~~he or she~~ the person shall exhibit to the clerk a certificate signed by a duly licensed veterinarian showing that the dog or wolf-hybrid has been sexually sterilized.

* * *

(d)(1) Before obtaining a license for a dog or wolf-hybrid ~~six months of age or older~~, a person shall deliver to the municipal clerk a certificate or a certified copy thereof issued by a duly licensed veterinarian, stating that the dog or wolf-hybrid has received a current preexposure rabies vaccination with a vaccine approved by the Secretary, and the person shall certify that the dog or wolf-hybrid described in the certificate or copy is the dog or wolf-hybrid to be licensed. The municipal clerk shall keep the certificates or copies thereof on file. The Secretary shall prescribe the size and format of rabies certificates. The owner of any such dog or wolf-hybrid shall maintain a copy of the rabies vaccination form and provide it to State or municipal officials upon request.

(2) Before obtaining a license for a wolf-hybrid, a person shall deliver to the municipal clerk a certificate or a certified copy thereof, issued by a duly licensed veterinarian, stating that the wolf-hybrid has been sexually sterilized.

* * *

Sec. 4. 20 V.S.A. § 3583 is amended to read:

§ 3583. ~~DOMESTIC PETS AND WOLF-HYBRIDS KEPT FOR BREEDING PURPOSES~~

~~(a) The owner or keeper of domestic pets and wolf-hybrids kept for breeding purposes may take out annually, on or before April 1, a special license for the domestic pets or wolf-hybrids, provided:~~

~~(1) He or she keeps the domestic pets or wolf-hybrids within a proper enclosure. A proper enclosure is a locked fence or structure of sufficient height and sufficient depth into the ground to prevent the entry of young children and to prevent the animal from escaping. A proper enclosure also provides humane shelter for the animal.~~

~~(2) The domestic pets or wolf-hybrids at all times have a current vaccination against rabies.~~

~~(3) When the number of domestic pets or wolf-hybrids so kept does not exceed ten, the fee shall be \$30.00 and for each additional domestic pet or wolf-hybrid so kept, an annual fee of \$3.00.~~

~~(b) Domestic pets and wolf-hybrids covered by the special license pursuant to this section shall be exempt from other license fees, and all licenses under~~

~~this section are exempt from the surcharge enacted under subsection (e) of section 3581 of this title.~~

~~(e) If the license fee is not paid by April 1, the owner or keeper may thereafter procure a license for that license year by paying a fee of 50 percent in excess of that otherwise required. These license fees are in addition to any fees required for the operation of a kennel under subchapter 3 of this chapter. [Repealed.]~~

Sec. 5. 20 V.S.A. § 3682 is amended to read:

§ 3682. INSPECTION OF PREMISES

(a) The pet dealer's premises may be inspected upon the issuance of the pet dealer permit or at any time the pet dealer permit is in effect. Inspections may be conducted by a municipal animal control officer, a law enforcement officer as that term is defined in 23 V.S.A. § 4(11), or a representative of the Agency of Agriculture, Food and Markets. The inspector may, at ~~his or her~~ the inspector's discretion and with the approval of the municipality, be accompanied by a veterinarian or an officer or agent of a humane society incorporated in Vermont. This section shall not create an obligation on the part of any municipal legislative body to conduct inspections.

* * *

Sec. 6. 20 V.S.A. § 3814 is amended to read:

§ 3814. FINDINGS

The General Assembly finds:

(1) The supply of dogs, cats, and wolf-hybrids in Vermont is a major concern.

(2) There are insufficient resources in this State to care for or provide homes for these animals.

(3) Many of these animals are ultimately euthanized or become victims of accidents, starvation, or disease.

(4) Pet owners who have limited economic resources have great difficulty affording the cost of professional ~~spaying and neutering~~ sexual sterilization services.

Sec. 7. 20 V.S.A. § 3815 is amended to read:

§ 3815. DOG, CAT, AND WOLF-HYBRID SPAYING AND NEUTERING SEXUAL STERILIZATION PROGRAM

(a) The Agency of Human Services shall administer a dog, cat, and wolf-hybrid ~~spaying and neutering~~ sexual sterilization program providing reduced-cost ~~spaying and neutering~~ sexual sterilization services and presurgical immunization for dogs, cats, and wolf-hybrids owned or cared for by individuals with low income. The Agency shall ~~shall~~ may implement the program through an agreement with a qualified organization consistent with the applicable administrative rules.

(b) The program shall reimburse veterinarians who voluntarily consent to ~~spay or neuter~~ sexually sterilize dogs, cats, and wolf-hybrids under the auspices of the program. The reimbursement shall be less any co-payment by the owner of a dog, cat, or wolf-hybrid for the cost of each ~~spaying or neutering~~ sexual sterilization procedure.

* * *

Sec. 8. 20 V.S.A. § 3816 is amended to read:

§ 3816. ANIMAL ~~SPAYING AND NEUTERING~~ SEXUAL STERILIZATION FUND; CREATION

(a) There is created, pursuant to 32 V.S.A. chapter 7, subchapter 5, in the Agency of Human Services the Dog, Cat, and Wolf-Hybrid ~~Spaying and Neutering~~ Sexual Sterilization Special Fund to finance the costs of the dog, cat, and wolf-hybrid ~~spaying and neutering~~ sexual sterilization program established in section 3815 of this title.

(b) Revenue for the Fund shall be derived from:

(1) the surcharge payment paid to a municipality pursuant to subdivision 3581(c)(1) of this title;

(2) gifts from private donors; and

(3) any appropriation that the General Assembly makes to the Fund.

(c) Interest earned on the Fund shall be retained in the Fund.

(d) The Agency of Human Services shall use the revenue in the Fund created in subsection (a) of this section for administering the dog, cat, and wolf-hybrid ~~spaying and neutering~~ sexual sterilization program.

Sec. 9. 20 V.S.A. § 3903 is amended to read:

§ 3903. ANIMAL SHELTERS AND RESCUE ORGANIZATIONS

(a) [Repealed.]

(b) Animal intake. An animal shelter or rescue organization as defined by section 3901 of this title shall ~~make every effort to~~ collect the following

information, if available, about an animal it accepts: the name and address of the person transferring the animal and, if known, the name of the animal; its vaccination history; and other information concerning the background, temperament, and health of the animal.

* * *

Sec. 10. 20 V.S.A. § 3907 is amended to read:

§ 3907. DENIAL OR REVOCATION OF REGISTRATION OR LICENSE

Issuance of a certificate of registration may be denied to any animal shelter, rescue organization, pet dealer, or fair, or a license may be denied to any public auction or pet shop or any certificate or license previously granted under this chapter may be revoked by the Secretary if, after public hearing, it is determined that the housing facilities or primary enclosures are inadequate for the purposes of this chapter or if the feeding, watering, sanitizing, and housing practices of the animal shelter, rescue organization, fair, public auction, or pet shop, as the case may be, are not consistent with this chapter or with rules adopted under this chapter.

Sec. 11. 20 V.S.A. § 3911 is amended to read:

§ 3911. PENALTIES

(a) Any person licensed or registered under this chapter who fails to provide animals under the person's care or custody with adequate food or adequate water, as defined in section 3901 of this title, or who fails to house animals in the person's care or custody in a manner that is adequate for their welfare, shall be fined not more than \$500.00.

(b) Any person who operates a fair or public auction or who transacts business as a pet shop, animal shelter, pet dealer, or rescue organization without being duly licensed or without possessing a proper certificate of registration, as the case may be, as required under this chapter, or who violates any provision of this chapter or of any rule lawfully adopted under its authority for which no other penalty is provided shall be fined not more than \$300.00 or imprisoned for not more than six months, or both.

(c) The Secretary may assess administrative penalties under 6 V.S.A. §§ 15–17, not to exceed \$1,000.00, for violations of this chapter.

Sec. 12. 20 V.S.A. § 3915 is amended to read:

§ 3915. HEALTH CERTIFICATE FOR TRANSPORT INTO STATE

(a) A dog, cat, ferret, or wolf-hybrid imported into the State for sale, resale, exchange, or donation shall be accompanied by an official health

certificate or similar certificate of inspection for the dog, cat, ferret, or wolf-hybrid issued by a veterinarian licensed in the state or country of origin. The certificate shall certify that:

(1) the dog, cat, ferret, or wolf-hybrid has been inspected and is free of visible signs of infections or contagious or communicable disease; ~~and~~

(2) if the dog, cat, ferret, or wolf-hybrid is more than three months of age, the dog, cat, ferret, or wolf-hybrid has a current rabies vaccination or is a specific breed for which a rabies vaccination is not age-appropriate; ~~and~~

(3) if the wolf-hybrid is more than four months of age, the wolf-hybrid has been sexually sterilized.

(b) The Agency of Agriculture, Food and Markets may adopt rules regarding the issuance and contents of any certificate required under subsection (a) of this section.

Sec. 13. 20 V.S.A. § 3916 is added to read:

§ 3916. INSURANCE

Pet dealers, animal shelters, rescue organizations, and keepers of animals for breeding purposes shall, as a condition of their licenses or certificates of registration, be required to obtain and maintain a commercially reasonable level of general liability insurance.

Sec. 14. REPORT

On or before December 15, 2026, the Director of Animal Welfare shall report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations on the next steps necessary for the creation of a comprehensive animal welfare program in Vermont, including specifically a proposal for the development of an oversight structure for dog and cat breeders and sellers, and people owning large numbers of these animals. The Director shall consult with stakeholders and registrants for purposes of preparing the report required by this section.

Sec. 15. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 13, 2026, pages 3245-3256, and March 17, 2026, pages 3290-3291)

Reported favorably by Senator Gulick for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Government Operations.

(Committee vote: 7-0-0)

H. 932.

An act relating to the regulation of forestry under Act 250.

Reported favorably with recommendation of proposal of amendment by Senator Hardy for the Committee on Natural Resources and Energy.

The Committee recommends that the Senate propose to the House to amend the bill in Sec. 1, 10 V.S.A. § 6001, in subdivision (3), by striking out subdivision (F) in its entirety and inserting in lieu thereof a new subdivision (F) to read as follows:

(F) When development is proposed to occur on a parcel or tract of land that is devoted to logging and forestry, only those portions of the parcel or the tract that support the development shall be subject to regulation under this chapter. Permits issued under this chapter shall not impose conditions on, apply to, restrict, or conflict with the *Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont* on other portions of the parcel or tract of land that do not support the development.

(Committee vote: 5-0-0)

(No House amendments)

Reported favorably with recommendation of proposal of amendment by Senator Hardy for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Natural Resources and Energy, with further proposal of amendment in Sec. 1, 10 V.S.A. § 6001, in subdivision (3), in subdivision (F), by striking out the second sentence in its entirety and inserting in lieu thereof a new sentence to read as follows:

Permits issued under this chapter shall not impose conditions on, apply to, or restrict or conflict with the *Acceptable Management Practices for Maintaining Water Quality on Logging Jobs in Vermont* on other portions of the parcel or tract of land that do not support the development.

(Committee vote: 7-0-0)

H. 938.

An act relating to establishing the Vermont Homelessness Response Continuum.

Reported favorably with recommendation of proposal of amendment by Senator Lyons for the Committee on Health and Welfare.

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

* * * Findings, Legislative Intent, and Purpose * * *

Sec. 1. FINDINGS

The General Assembly finds that:

(1) although an imperfect tool for measuring the true number of unhoused Vermonters, the Vermont Homeless Management Information System as of December 2025 indicated that there were 4,022 individuals who were homeless in the State, 863 of whom were children under 18 years of age; and

(2) the 2024 Vermont Housing Needs Assessment notes that of the 36,000 primary homes needed in Vermont between 2025 and 2029, the number needed to address homelessness is 3,295.

Sec. 2. LEGISLATIVE INTENT

It is the intent of the General Assembly that:

(1) unsheltered homelessness be eliminated and that homelessness in Vermont be rare, brief, and nonrecurring;

(2) Vermont reduce reliance on the inefficient use of hotel and motel rooms for emergency housing;

(3) utilization of an emergency housing benefit to access hotels and motels through the General Assistance program end and be replaced by a continuum of services; and

(4) a continuum of supports and services be available and administered flexibly in a manner that:

(A) provides a stable pathway to permanent housing;

(B) meets the specific needs of households experiencing homelessness; and

(C) supports community partners.

Sec. 3. PURPOSE

It is the purpose of this act to:

(1) establish a continuum of supports and services for households who are experiencing homelessness or who are at risk of experiencing homelessness;

(2) ensure that tailored, temporary emergency housing assistance is available to Vermonters in a manner that encourages efficient and accountable use of taxpayer funds;

(3) support self-sufficiency and reduce returns to homelessness by developing personalized housing plans with required participation by households;

(4) establish clear eligibility criteria and require active household participation;

(5) expand the use of alternative emergency housing models in partnership with municipalities, nonprofit community-based providers, and private landlords;

(6) integrate supportive services to assist households to achieve permanent housing stability;

(7) establish transparent accountability measures, reporting requirements, and oversight mechanisms;

(8) increase Program efficiency and promote maximum flexibility in administering services and supports in the continuum;

(9) empower local communities to administer emergency housing services with maximum flexibility; and

(10) create a diversified system of emergency housing options, including shelters, specialized shelters, shared housing arrangements, host-home models, master-lease units, and rapid rehousing placements, that provide cost-effective, sustainable, and supportive outcomes to households.

* * * Creation of the Vermont Homelessness Response Continuum * * *

Sec. 4. 33 V.S.A. chapter 22 is added to read:

CHAPTER 22. VERMONT HOMELESSNESS RESPONSE CONTINUUM

§ 2201. DEFINITIONS

As used in this chapter:

(1) “Alternative housing options” means housing options including shelters, specialized shelters, transitional housing, recovery residences, shared housing arrangements, host-home models, master-lease units, and rapid rehousing placements.

(2) “Applicant” means a household that applies for emergency housing assistance.

(3) “At risk of homelessness” means precariously housed without sufficient income, resources, or support to prevent homelessness.

(4) “Case management services” means individualized supportive services.

(5) “Coordinated entry” means a process that standardizes the way households at risk of homelessness or experiencing homelessness access and are assessed for and referred to the housing and services that a household needs for housing stability.

(6) “Department” means the Department for Children and Families.

(7) “Disability” means a physical, sensory, cognitive, developmental, or mental health condition or substance use disorder that substantially limits one or more major life activities, or that requires ongoing support, accommodation, or treatment to maintain an individual’s health, safety, or independence. The term includes chronic or episodic conditions that significantly impact daily functioning, regardless of whether the individual is receiving, or is eligible to receive, federal disability benefits.

(8) “Diversion” means a strategy aimed at preventing homelessness by helping households find immediate alternative housing options instead of entering shelters. Diversion focuses on addressing the needs of those who have recently lost their housing.

(9) “Eligible household” means a household that is homeless and is physically present and intends to reside in Vermont as evidenced by active participation in a housing, employment, or other Agency of Human Services–recognized plan.

(10) “Emergency cold-weather shelter” means publicly funded shelter beds made available to households during periods when the National Weather Service is forecasting temperatures at or below 10 degrees Fahrenheit including windchill for the majority of the State.

(11) “Emergency housing” means temporary shelter, lodging, or other housing support, or related services provided to eligible households to protect

the health, safety, and welfare of an eligible household when no safe housing option is immediately available.

(12) “Highly structured shelter” means a shelter that provides programming that emphasizes case management, housing stability, employment, education, or treatment services, as well as other services as appropriate, in a manner that accommodates an eligible household’s disability, if any.

(13) “Homeless” means:

(A) lacking a fixed, regular, and adequate nighttime residence;

(B) facing imminent loss of a primary nighttime residence;

(C) fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, and other dangerous or life-threatening conditions that relate to violence against a household or household member that either takes place in the primary nighttime residence or causes the household or household member to be afraid to return to the primary nighttime residence;

(D) residing in a place not meant for human habitation, such as cars, parks, abandoned buildings, or streets; or

(E) otherwise defined as homeless under federal law.

(14) “Household” means an individual or group of individuals, with or without children, including individuals who reside together as one economic unit, who are married, parties to a civil union, or unmarried.

(15) “Low-barrier shelter” means a shelter that minimizes barriers to entry by reducing the rules and programmatic requirements found in highly structured shelters, while still providing case management and other housing support services in a manner that accommodates an eligible household’s disability, if any.

(16) “Minor child” means an individual under 18 years of age.

(17) “Office” means the Office of Economic Opportunity.

(18) “Permanent supportive housing” means long-term housing with wraparound services for individuals with complex health and social needs.

(19) “Prevention” means services intended to prevent a household from becoming homeless, including housing relocation or stabilization services or short-term rental assistance, including rental arrearage.

(20) “Program” means the Vermont Homelessness Response Continuum.

(21) “Rapid rehousing” means short- to medium-term rental assistance and supportive services aimed at assisting a household to quickly exit homelessness.

(22) “Shelter” means a facility that meets the Department’s shelter standards.

(23) “Specialized shelter” means a facility that meets the Department’s shelter standards and applicable standards for the delivery of additional services, including health care, mental health services, or services related to substance use disorder.

(24) “Supportive services” means individualized supports that assist a household in obtaining and maintaining housing, including:

(A) intake assessments and services for diversion from homelessness;

(B) household needs assessments;

(C) case management;

(D) individualized household plans to address identified needs;

(E) housing navigation services;

(F) assistance obtaining and retaining housing, including financial assistance;

(G) landlord-tenant outreach, education, and conflict resolution;

(H) navigation to other services and supports as identified in the household’s housing plan, including economic benefits, peer-supported services, job training and employment services, services related to disability and independent living advocacy, and referral to health care assistance, including treatment for mental health conditions and substance use disorder;

(I) progress monitoring of interventions; and

(J) services to ensure continuity after a permanent placement.

(25) “Unsheltered homelessness” means sleeping in a location not designed for or ordinarily used as a regular sleeping accommodation, including cars, parks, abandoned buildings, or streets.

§ 2202. ESTABLISHMENT; VERMONT HOMELESSNESS RESPONSE CONTINUUM

(a) The Vermont Homelessness Response Continuum is established to create an array of services that prevent and address homelessness in Vermont. The Program shall be administered by the Department’s Office of Economic Opportunity.

(b) The Office shall maintain a continuum of services that is flexible, housing focused, and designed to prevent homelessness whenever possible. The continuum shall prioritize early intervention, rapid resolution of housing crises, and equitable access to emergency and permanent housing.

(c) The Program shall:

(1) provide temporary emergency housing to eligible households experiencing homelessness or at imminent risk of homelessness;

(2) reduce reliance on hotels and motels for emergency housing assistance;

(3) expand the use of alternative housing options in partnership with community organizations, municipalities, and private landlords;

(4) integrate case management and individualized housing plans into all emergency housing placements; and

(5) ensure accountability, transparency, and cost efficiency in the use of public funds.

(d) All funding opportunities available under the Program shall be open to any entity or community partner, including those that did not previously receive funding.

§ 2203. PROGRAM COMPONENTS

(a) The continuum of services shall consist of the following:

(1) level 1: prevention and diversion services;

(2) level 2: shelter services:

(A) level 2A: highly structured shelter services; and

(B) level 2B: low-barrier shelter services;

(3) level 3: specialized shelter services;

(4) level 4: hotels and motels;

(5) permanent supportive housing services; and

(6) other emergency housing services.

(b) The Office shall address each of the services in subsection (a) of this section by separate line items in its budget. The Department shall be responsible for any transfers to other Agency of Human Services departments necessary to implement the services listed in subsection (a) of this section.

The Department and other departments within the Agency of Human Services shall maximize federal receipts, as applicable, for services listed in subsection (a) of this section.

(c) Upon assessing a household's needs, the Office or community partners shall offer to place the household in the appropriate level of care to address the household's specific needs if capacity, staffing, and geographic accessibility are available.

§ 2204. PREVENTION AND DIVERSION SERVICES

Level 1: prevention and diversion services.

(1) Prevention and diversion services shall function as the primary entry point to the Vermont Homelessness Response Continuum for all households, although connection may be made at any level. The Office shall ensure that prevention and diversion services are provided through an agreement with one or more community partners in each region of the State in a manner that accommodates an eligible household's disability, if any. All households, upon request for assistance, shall receive a brief, standardized initial prevention and diversion assessment to identify safe alternatives to homelessness and resolve immediate housing barriers.

(2) Prevention includes activities to avert entry into homelessness. Diversion includes problem-solving interventions and supports that safely resolve a housing crisis without the use of shelter or hotel or motel placements.

(3) Funds administered for prevention and diversion services shall have maximum flexibility.

§ 2205. SHELTER SERVICES

(a) Level 2A: highly structured shelter services.

(1) To the extent funds are appropriated for this purpose, the Office shall determine the need for highly structured shelter services and develop sufficient highly structured shelter beds to address that need. The Department through the Office shall enter into agreements for a period of not less than two years at a time with community partners for the provision of highly structured shelter services.

(2) Highly structured shelters shall offer programming that emphasizes case management, housing stability, employment, education, or treatment services, as well as other services as appropriate, in a manner that accommodates an eligible household's disability, if any. Eligible households receiving highly structured shelter services shall participate in case management and other services to the extent of their ability.

(3) The Office shall ensure that highly structured shelter services meet the Department of Public Safety, Vermont Fire and Building Safety Code (CVR 28-070-001).

(4) If an eligible household's needs cannot be met with the level 1 prevention and diversion services in section 2204 of this chapter, highly structured shelter services are the preferred initial placement if capacity, staffing, and geographic accessibility are available.

(b) Level 2B: low-barrier shelter services.

(1) To the extent funds are appropriated for this purpose, the Office shall determine the need for low-barrier shelter services and develop sufficient low-barrier shelters to address that need. The Department through the Office shall enter into agreements for a period of not less than two years at a time with community partners for the provision of low-barrier shelter services.

(2) Low-barrier shelters shall minimize barriers to entry by reducing the rules and programmatic requirements found in highly structured shelters, while still providing case management and other housing support services in a manner that accommodates an eligible household's disability, if any. Stays in low-barrier shelters shall be time limited, and eligible households shall be transitioned to highly structured shelter services or permanent housing as soon as feasible.

(3) The Office shall ensure that low-barrier shelter services meet the Department of Public Safety, Vermont Fire and Building Safety Code (CVR 28-070-001).

(4) If an eligible household's needs cannot be met with the level 1 prevention and diversion services in section 2204 of this chapter or the highly structured shelter services in subsection (a) of this section, low-barrier shelter services may be utilized if capacity, staffing, and geographic accessibility are available.

§ 2206. SPECIALIZED SHELTER SERVICES

Level 3: specialized shelter services.

(1) To the extent funds are appropriated for this purpose:

(A) the relevant Agency of Human Services departments shall determine the need for and, to the extent funds permit, develop specialized shelter services that comply with the Department of Public Safety, Vermont Fire and Building Safety Code (CVR 28-070-001), as well as any other applicable standards relevant to the specialty population; and

(B) the relevant Agency of Human Services departments shall enter into agreements for a period of not less than two years at a time with community partners for the provision of specialized shelter services.

(2) Specialized service shelters shall offer services delivered in a highly structured shelter as well as additional specialty services, such as services for substance use disorder and mental and physical health conditions. Eligible households receiving specialized shelter services shall participate in case management and other services to the extent of their ability.

(3) If an eligible household's needs cannot be met with the level 1 prevention and diversion services in section 2204 of this chapter or the level 2 shelter services in section 2205 of this chapter, a specialized service shelter may be utilized if capacity, staffing, and geographic accessibility are available and the eligible household requires specialized services.

§ 2207. HOTELS AND MOTELS

Level 4: hotels and motels.

(1) It is the intent of the General Assembly to decrease reliance on hotel and motel rooms. However, until sufficient permanent affordable housing or shelter services are available, the use of hotel and motel services shall be permitted.

(2) If a hotel or motel is utilized pursuant to this section, the Department shall:

(A) enter into an agreement with one or more community partners to provide relevant supportive services to eligible households;

(B) permit a population-specific placement to the extent certain populations are not isolated from the wider community served through the Program;

(C) propose hotel and motel rates as part of its budget presentation for the General Assembly's consideration;

(D) use only hotel and motel rates established by the General Assembly;

(E) enter into agreements for the use of blocks of hotel and motel rooms and negotiate conditions of use for those blocks, including access to providers of case management and other supportive services, with space to provide services as negotiated; and

(F) ensure that services are not provided pursuant to this section on a night-by-night basis.

(3) If a hotel or motel is utilized pursuant to this section, the eligible household shall participate in case management services, planning for housing stability, and other services to the extent of the eligible household's ability.

(4) A hotel or motel used pursuant to this chapter shall comply with Program rules and the following rules:

(A) Department of Health, Licensed Lodging Establishment Rule (CVR 13-140-023); and

(B) Department of Public Safety, Vermont Fire and Building Safety Code (CVR 28-070-001).

(5)(A) To the extent funds are appropriated for this purpose:

(i) between April 1 and November 30 of each year, the utilization of hotel and motel rooms pursuant to this section shall be capped at 700 rooms per night; and

(ii) between December 1 and March 31 of each year, the utilization of hotel and motel rooms pursuant to this section shall be capped at 1,000 rooms per night.

(B) Hotel and motel rooms utilized by individuals served under section 602 of this title shall not be included in the room caps provided in this subdivision (5).

(6) If an eligible household's needs cannot be met by levels 1–3 of the Program as described in sections 2204–2206 of this chapter, the Office may utilize hotels and motels if capacity, staffing, and geographic accessibility are available.

§ 2208. PERMANENT SUPPORTIVE HOUSING SERVICES

The Agency of Human Services' departments or their community partners shall provide permanent supportive housing services to an eligible household participating in the Program. Permanent supportive housing services provided pursuant to this section shall combine long-term, community-based rental assistance with voluntary, flexible supportive services, such as family supportive housing and other supportive housing services funded in whole or in part by Medicaid, if the household and services are eligible for Medicaid. An eligible household receiving permanent supportive housing services shall participate in case management, planning for housing stability, and other services to the extent of the eligible household's ability. Permanent supportive housing services may be utilized by an eligible household for as long as the eligible household's plan indicates it is necessary.

§ 2209. OTHER EMERGENCY HOUSING SERVICES

(a) Municipal supports. The Department through the Office shall provide grants to municipalities in areas of the State with a high volume of unsheltered homelessness, including municipalities underserved by traditional funding sources. An eligible municipality may submit to the Office a grant application containing the estimated cost of the municipality's proposal and other identified funding sources. The use of grant funding awarded pursuant to this subsection is at the discretion of the municipality and shall include the provision of basic life-sustaining shelter when the National Weather Service declares a cold weather advisory. Shelter provided pursuant to this subsection shall be time limited, shall not require a coordinated entry assessment or case management, and shall have minimal data reporting requirements.

(b) Emergency cold-weather shelters. Emergency cold-weather shelters shall be managed through an agreement between the Office and one or more community partners to provide overnight, low-barrier shelter when weather conditions warrant. The Office and community partners shall ensure equitable access to emergency cold-weather shelters for communities with a high number of households experiencing unsheltered homelessness. Shelter provided pursuant to this subsection shall be time limited, shall not require a coordinated entry assessment or case management, and shall have minimal data reporting requirements.

(c) Alternative Agency of Human Services housing solutions. The Agency of Human Services, through its various departments, provides households with other time-limited or permanent housing. Such services include recovery housing, various residential supports for individuals with intellectual or developmental disabilities, home care services for older Vermonters and individuals with physical disabilities, transitional housing for individuals exiting correctional custody, and residential options for individuals with mental health challenges. Emergency housing provided through the Program is not intended to take the place of any other Agency of Human Services time-limited or permanent housing.

§ 2210. HOUSEHOLD RESPONSIBILITIES

(a) Within the funds appropriated for this purpose, a household shall qualify for services under the Program if the household:

(1) is physically present and intends to reside in Vermont as evidenced by active participation in a housing, employment, or other Agency of Human Services-recognized plan;

(2) agrees to a coordinated entry assessment that prioritizes the household for permanent housing, unless explicitly exempt under this chapter;

(3) agrees to engage with a case manager to develop a housing plan, unless explicitly exempt from case management requirements under this chapter or by federal law; and

(4) abides by Program rules and refrains from misconduct.

(b)(1) The Office or a community partner shall provide clear written notice to all applicants regarding penalties for fraud at the time of application.

(2) The Office or a community partner shall not impose a penalty upon a household for a good faith, immaterial error that was corrected upon notice within a reasonable period of time.

(3) A household that knowingly provides false, misleading, or incomplete information regarding residency, disability status, household composition, or other eligibility criteria shall be subject to termination of services within 30 days after receiving written notice from the Department or a community partner.

(4) Pending the outcome of a relevant Human Services Board hearing, the Office may refer cases of suspected fraud to the Office of the Attorney General or a State's Attorney for investigation and prosecution under applicable State law.

(c) A household may be terminated from the Program for repeatedly refusing suitable placements following documented suitability assessments and reasonable accommodations.

(d) A member or members of an eligible household may be subject to immediate termination of services as necessary for the safety of others if the member or members are engaged in:

(1) criminal activity; or

(2) misconduct that is not related to a disability or to victimization related to abuse, sexual assault, or stalking.

(e) As used in this section, "misconduct" means documented behaviors that materially endanger the safety of others, involve the intentional destruction of property, or constitute illegal activity.

§ 2211. PRIORITIZATION

(a) The Office, either directly or through community partners, shall prioritize services within the funds appropriated for this purpose to eligible

households who are homeless or at risk of becoming homeless and have a member who:

(1) is 65 years of age or older;

(2) has a disability;

(3) is a minor child;

(4) is pregnant;

(5) is experiencing domestic violence, dating violence, sexual assault, stalking, human trafficking, or other dangerous or life-threatening conditions;
or

(6) is under court-ordered eviction or constructive eviction due to circumstances over which the household has no control.

(b)(1) Proof of an eligible household's disability shall be verified by:

(A) a health care provider licensed or certified and practicing in Vermont;

(B) a determination or certification from a State- or federally recognized agency or program that provides services to individuals with disabilities; or

(C) self-attestation by the eligible household, subject to verification by the State or community partner within 30 days when other documentation is not reasonably available at the time of application.

(2) The presence of an eligible household member's disability shall be verified by the Office or a community partner during the household's initial application process and shall be redetermined annually if the household is still receiving services. An eligible household with a member who has a lifelong disability, such as an intellectual or developmental disability, shall not be required to have the disability redetermined.

(c) The Office and community partners shall comply with the Americans with Disabilities Act, 42 U.S.C. § 12101–12213, and section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, for the purposes of providing reasonable modifications, effective communication, and accessible placements. Program rules and case management requirements shall be reasonably modified, including with the use of plain language, as necessary to avoid discrimination against eligible households with a member who has a disability.

§ 2212. TIME LIMITS FOR PROGRAM PARTICIPATION

(a) Time limits for Program participation shall be governed by the level of service provided as follows:

(1) Level 1: Any temporary housing that is not provided in the form of temporary rental assistance through the Program's prevention and diversion services shall not exceed 30 days per rolling 12-month period.

(2) Level 2: The Office, in collaboration with shelter providers, shall establish the maximum length of stay in highly structured shelters and low-barrier shelters in rule or shelter standards.

(3) Level 3: The Department, in collaboration with other relevant Agency of Human Services departments, shall establish the maximum length of stay in specialized shelters in rule or shelter standards.

(4) Level 4: Hotels and motels:

(A) Between April 1 and November 30 of each year, eligible households may receive housing at hotels and motels with supportive services for not more than 70 days per rolling 12-month period as calculated from the date of the eligible household's application through the same day of the month 12 months later.

(B) Between December 1 and March 31 of each year, eligible households may receive continuous services in cold-weather-use hotels and motels, which shall not be applied toward the time limit established in subdivision (A) of this subdivision (4).

(b) The Department may grant extensions to the time limits established in subsection (a) of this section pursuant to criteria adopted in rule, including for:

(1) an eligible household actively awaiting a placement in housing, treatment, or other services;

(2) medical necessity;

(3) lack of reasonable alternative accessible placements for a member of the eligible household with a disability; and

(4) imminent risk to the health or safety of one or more of the eligible household's members.

§ 2213. CASE MANAGEMENT SERVICES

Each eligible household shall be assigned a case manager, except where specifically exempted for certain services, which may be from any Agency of Human Services department or a community partner. Case management

services provided pursuant to this chapter shall be informed by the acuity level of the eligible household and include individualized supports that connect an eligible household to public assistance, health care, employment, permanent housing, and other services. A household may request, but is not guaranteed, a specific case manager or change in case manager.

§ 2214. NEEDS ASSESSMENT

The Office and community partners shall provide advice and consultation to the Department of Housing and Community Development in its completion of a needs assessment that identifies gaps in services for households that are homeless in the State and includes recommendations to ensure the provision of equitable services throughout the State.

§ 2215. NOTICE; APPEALS; RIGHT TO FAIR HEARING

(a) The Office or a community partner shall provide written notice to any applicant or household whose participation in the Program is denied, reduced, suspended, or terminated. Notice shall include:

(1) the specific factual and legal basis for the Office or community partner's decision;

(2) the effective date of the action, which in the case of termination, reduction, or suspension of services shall provide timely written notice by email or U.S. mail;

(3) a statement of the right to request a fair hearing pursuant to this section; and

(4) clear instructions, in plain language, on the process and deadlines for filing an appeal.

(b) An applicant for or a recipient of assistance pursuant to this chapter may file a request for a fair hearing with the Human Services Board pursuant to 3 V.S.A. § 3091 when:

(1) an application for assistance under the Program is denied in whole or part;

(2) a household's benefits are terminated, reduced, or suspended; or

(3) the household believes that benefits have not been provided in accordance with applicable rules or policies.

(c) An applicant or household shall file a request for a fair hearing with the Human Services Board within 60 days after the date of the written notice pursuant to subsection (a) of this section.

(d) If a household files a request for a fair hearing within 14 days after receiving notice pursuant to subsection (a) of this section, the Office or community partner providing notice shall continue to provide services under the Program without interruption until a decision is issued by the Human Services Board, unless:

(1) the household voluntarily waives continued services; or

(2) a household or household member's continued receipt of services poses a risk of safety to others.

(e) Fair hearings held pursuant to this section shall be conducted in accordance with 3 V.S.A. §§ 3090–3091.

§ 2216. RULEMAKING

The Department shall adopt rules pursuant to 3 V.S.A. chapter 25 for the implementation of the Vermont Homelessness Response Continuum, addressing at a minimum:

(1) requirements for community providers participating in the Program;

(2) standards for highly structured, low-barrier, and specialized shelters;

(3) documentation requirements for household eligibility, including disability;

(4) required elements for supportive services, including case management;

(5) the creation of a brief, standardized initial assessment form that may be completed by hand, electronically, or by telephone;

(6) a process for issuing timely, written approval or denial notifications to applicants;

(7) a process for issuing advance notice to households when the household is being terminated from the Program;

(8) applicant and household appeal procedures;

(9) time limits for Program participation, including procedures for extensions;

(10) a process for reinstatement of services after a household's termination from the Program;

(11) expectations for the Office's oversight and quality monitoring, including performance measurements applicable to all community partners and grantees; and

(12) other subjects as deemed necessary.

§ 2217. REPORTING

(a) Annually, as part of the Department's budget presentation, the Department shall provide a status report addressing each level of the Vermont Homelessness Response Continuum. Minimally, the status report shall address:

(1) the number of households served within each level of the Program;

(2) the average length of participation for households within each level of the Program and the rate at which households successfully transition to permanent housing;

(3) the number of households diverted from entering shelters or hotel and motel placements through prevention and diversion services;

(4) the utilization of hotels and motels, including:

(A) the average nightly number of rooms used;

(B) the average and median length of stay;

(C) the extent to which hotel and motel usage has decreased relative to the prior fiscal year; and

(D) the number of eligible households denied a hotel or motel room due to authorized rooms being fully occupied;

(5) housing stability outcomes, including rates of return to homelessness within six and 12 months following exit from the Program;

(6) an assessment of regional capacity and access to services, including identification of geographic areas with unmet needs or disproportionate utilization of emergency housing resources;

(7) total expenditures by Program level and funding source, including State, federal, and other funds, and an analysis of cost efficiency across housing models; and

(8) any operational barriers to implementation of the Program, along with recommendations for administrative or legislative action.

(b) Annually, as part of the Department's budget presentation, the Department shall set goals for increased housing capacity, including permanent supportive housing, permanent affordable housing, and shelter beds. The Department shall provide data pertaining to the increased shelter capacity and the extent to which shelter capacity meets the needs of eligible households experiencing homelessness each year.

(c) On or before the last day of each month, the Office, or other relevant agency or department, shall post on its website a substantially similar report to that due pursuant to 2023 Acts and Resolves No. 81, Sec. 6(b), including the Office's monthly expenditure on the Program by level.

* * * Continuums of Care; Required Merger * * *

Sec. 5. MERGER OF CONTINUUMS OF CARE

(a) In order to promote the effective use of resources and continuity of care, the Department for Children and Families' Office of Economic Opportunity shall work in collaboration with the Chittenden County Homeless Alliance, the Balance of State Continuum of Care, and the U.S. Department of Housing and Urban Development to establish a single continuum of care in the State on or before October 1, 2028.

(b) On or before January 15, 2028, the Office shall submit a written report to the House Committee on Human Services and to the Senate Committee on Health and Welfare summarizing efforts to establish a single continuum of care pursuant to this section.

* * * Effective October 1, 2028, Requirements of Grantees * * *

Sec. 6. 33 V.S.A. § 2218 is added to read:

§ 2218. GRANT REQUIREMENTS

Any grant or other agreement executed by the Agency of Human Services or its departments shall require a community partner, as appropriate, to:

(1) participate in the local housing coalition or other group established to assist eligible households who are homeless;

(2) utilize the coordinated entry assessment for eligible households who are homeless or at risk of homelessness;

(3) utilize the appropriate planning process and options for an eligible household transitioning into permanent housing, including for eligible households with an individual who has an intellectual or developmental disability, older Vermonters, or individuals transitioning from a correctional facility or hospital; and

(4) measure performance outcomes, including diversion success, time to housing, and housing retention.

* * * Fiscal Year 2027 Time Limits for Use of Hotels and Motels * * *

Sec. 6a. FISCAL YEAR 2027 TIME LIMITS; HOTELS AND MOTELS

In fiscal year 2027, an eligible household utilizing General Assistance emergency housing in a hotel or motel during the previous fiscal year shall not be subject to a reset of the 70-day limit established in 33 V.S.A. § 2212(a)(4)(A) until the 12-month anniversary of the eligible household's fiscal year 2026 application.

* * * Transition and Rulemaking; Vermont Homelessness Response Continuum * * *

Sec. 7. TRANSITION TO THE VERMONT HOMELESSNESS RESPONSE CONTINUUM

Recognizing that the Department and community partners do not have the capacity to fully implement the Vermont Homelessness Response Continuum established in 33 V.S.A. chapter 22 on July 1, 2026, the Department through the Office and community partners shall implement the Program to the fullest extent of their ability in fiscal year 2027 while developing the capacity to fully implement the Program in fiscal year 2028.

Sec. 8. INTERIM EMERGENCY RULEMAKING; DEADLINE FOR ADOPTION OF PERMANENT RULES

(a)(1) Pending the adoption of permanent rules on the Vermont Homelessness Response Continuum, the Commissioner for Children and Families shall adopt and maintain emergency rules pursuant to 3 V.S.A. § 844, which shall be deemed to meet the standard for emergency rulemaking pursuant to 3 V.S.A. § 844(a). Emergency rules required by this subsection shall take effect on September 1, 2026, and shall, at a minimum, address the required topics listed in 33 V.S.A. § 2216.

(2) Between July 1, 2026, and August 31, 2026, the Commissioner for Children and Families shall administer the Vermont Homelessness Response Continuum by applying the General Assistance Emergency Housing rules approved by the Legislative Committee on Administrative Rules on March 13, 2025, for the administration of this act.

(b)(1) Unless extended by the Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 843(c), the Department shall, on or before October 1, 2027, adopt permanent rules pursuant to 3 V.S.A. chapter 25 on the Vermont Homelessness Response Continuum as required by 33 V.S.A. § 2216.

(2) Prior to filing the permanent rule with the Secretary of State pursuant to 3 V.S.A. § 838, the Department shall:

(A) work in collaboration with stakeholders to develop the rule, including holding at least five regional stakeholder hearings throughout the State; and

(B) on or before April 1, 2027, submit a draft of the rules to the House Committee on Human Services and the Senate Committee on Health and Welfare for review and consideration of Committee comments.

Sec. 9. IMPLEMENTATION STATUS REPORT; VERMONT
HOMELESSNESS RESPONSE CONTINUUM

On or before February 15, 2027, the Department for Children and Families' Office of Economic Opportunity shall present a progress report to the House Committee on Human Services and to the Senate Committee on Health and Welfare on the Office's implementation of the Vermont Homelessness Response Continuum established pursuant to 33 V.S.A. chapter 22. The Office's presentation shall include an initial draft of the Department's permanent rules for the implementation of the Vermont Homelessness Response Continuum and any recommendations for legislative action.

* * * Supportive and Shelter Services for Households Experiencing Domestic
or Sexual Violence * * *

Sec. 10. 33 V.S.A. chapter 6 is amended to read:

CHAPTER 6. PREVENTION AND TREATMENT OF SEXUAL ABUSE
AND DOMESTIC AND SEXUAL VIOLENCE

* * *

§ 602. SUPPORTIVE SERVICES AND SHELTER FOR HOUSEHOLDS
EXPERIENCING DOMESTIC OR SEXUAL VIOLENCE

The Department shall select and enter into an agreement with a statewide organization to provide or cause to be provided supportive services and shelter to those households that are experiencing or that have experienced domestic or sexual violence. If the statewide organization cannot fulfill its responsibilities under this section, the Department shall work with another entity to ensure that there is not a gap in services.

* * * Vermont Rental Assistance Bridge Program * * *

Sec. 11. VERMONT RENTAL ASSISTANCE BRIDGE PROGRAM

(a) The Vermont Rental Assistance Bridge Program is established within the Vermont State Housing Authority for the purpose of linking households who require rental assistance to permanent housing when the household does not otherwise have access to relevant U.S. Department of Housing and Urban Development rental assistance.

(b)(1) The Agency shall collaborate with the Vermont State Housing Authority to develop a framework for establishing a unified housing voucher program that consolidates the voucher assistance currently provided though the

Agency's departments. In developing this framework, the Agency and the Vermont State Housing Authority shall:

(A) analyze the fiscal implications of consolidating existing voucher programs into a unified program, including projected costs, potential efficiencies, and impacts on funding sources;

(B) assess the projected impact on the total number of individuals served and on distinct populations, including:

(i) individuals exiting homelessness;

(ii) individuals facing eviction;

(iii) individuals with mental health challenges;

(iv) individuals with disabilities; and

(v) any other population served by the department-administered voucher programs;

(C) identify administrative, operational, and statutory changes required to implement a unified program; and

(D) propose options and recommendations for the structure, governance, and implementation of the unified program.

(2) The Agency and the Vermont State Housing Authority shall report their findings and recommendations to the House Committee on Human Services and to the Senate Committee on Health and Welfare on or before January 15, 2027.

(c) The Vermont State Housing Authority and relevant departments of the Agency of Human Services shall jointly work to:

(1) incorporate existing rental assistance that is funded by the Agency and its departments and designated for Vermonters exiting homelessness into the Program established in this section; and

(2) establish eligibility criteria, any prioritization that may be necessary for this use of funds appropriated for this Program, and the appropriate length of assistance under this section.

(d) The Program shall not provide the full amount of a household's rental payment and shall not be a permanent voucher. Program priority shall be given to current recipients of the HOME Program, established pursuant to 10 V.S.A. § 321(b)(2), who have not yet reached 24 months of rental assistance. Program payments shall be made directly from the Vermont State Housing Authority to a household's landlord.

(e) The Program shall be accessible to eligible households served by each of the Agency's departments, with priority given to those exiting homelessness and not to the exclusion of other eligible populations.

* * * Payment Rate Structure and Fiscal Year 2027 Expenditures * * *

Sec. 12. PAYMENT RATE STRUCTURE; SHELTER SERVICES

The Department for Children and Families, in collaboration with the Agency of Human Services and relevant community partners, shall propose a payment rate structure, including periodic rate reviews, for all shelter services required by this act. The structure shall include a base rate and potential for supplemental payment to the base if necessary and appropriate.

(1) On or before April 1, 2027, the Department shall submit an interim report to the House Committee on Human Services and to the Senate Committee on Health and Welfare regarding the implementation of the payment rate structure and the Department's proposed timeline for implementation.

(2) On or before November 1, 2027, the Department shall submit a final report to the Joint Fiscal Committee regarding the implementation of the payment rate structure and the Department's proposed timeline for implementation.

Sec. 13. FISCAL YEAR 2027 CAPPED ROOM RATES

In fiscal year 2027, the Department for Children and Families or community partners shall pay a hotel or motel establishment providing emergency housing not more than the hotel's lowest advertised room rate and not more than \$80.00 a day per room to shelter a household participating in the Vermont Homelessness Response Continuum. The Department for Children and Families or community partners may shelter a household in more than one hotel or motel room depending on the household's size and composition.

Sec. 14. EXPENDITURES; VERMONT HOMELESSNESS RESPONSE CONTINUUM

(a) This act provides for the fiscal year 2027 expenditure of \$82,634,153.00 for the provision of services, implementation of the Vermont Homelessness Response Continuum, shelter development and operation, rental assistance, and supportive services, including case management, as follows:

(1) \$39,284,606.00 for the Housing Opportunity Grant Program operations, of which \$38,251,696.00 is base funding from the General Fund, \$830,422.00 is federal funding, and \$202,488.00 is from the Global Commitment Fund;

(2) \$4,400,000.00 for the shelter development, of which \$1,400,000.00 is base funding from the General Fund and \$3,000,000.00 is one-time funding from the General Fund;

(3) \$23,870,000.00 for emergency housing in hotels and motels, of which \$9,251,120.00 is base funding from the General Fund and \$14,118,880.00 is one-time funding from the General Fund;

(4) \$2,400,000.00 for case management, of which \$2,400,000.00 is base funding from the General Fund;

(5) \$4,200,000.00 for permanent supportive housing and family supportive housing, of which \$778,987.00 is base funding from the General Fund and \$3,421,013.00 is from the Global Commitment Fund;

(6) \$3,000,000.00 for rental assistance, of which \$3,000,000.00 is base funding from the General Fund;

(7) \$500,000.00 for grants to municipalities, of which \$500,000.00 is one-time funding from the General Fund;

(8) \$1,500,000.00 for emergency cold-weather shelters, of which \$1,500,000.00 is one-time funding from the General Fund;

(9) \$314,618.00 for other expenses, of which \$314,618.00 is from federal funding;

(10) \$3,164,929.00 for staffing, grants, and contracts, of which \$1,100,000.00 is base funding from the General Fund and \$2,064,929.00 is one-time funding from the General Fund; and

(11) \$500,000.00 for the Community Resource Center, of which \$500,000.00 is base funding from the General Fund.

(b) Any funds that remain unspent at the end of fiscal year 2027 shall be carried forward for the same purpose for which they were originally appropriated in this section.

(c) Any funds appropriated for General Assistance emergency housing or the Housing Opportunity Grant Program that remain unspent at the end of fiscal year 2026 shall be carried forward for investment in the Vermont Homelessness Response Continuum in fiscal year 2027.

(d) On or before October 1, 2026; January 1, 2027; and April 1, 2027, the Office shall submit a written report to the House Committees on Appropriations and on Human Services and to the Senate Committee on Appropriations and on Health and Welfare describing how the funds referenced in subsection (a) of this section have been utilized to date, including

whether expended funds were one-time or base General Fund, federal funds, or Global Commitment funds.

* * * Removing General Assistance Annual Report * * *

Sec. 15. 33 V.S.A. § 2115 is amended to read:

§ 2115. ~~GENERAL ASSISTANCE PROGRAM REPORT~~

~~On or before September 1 of each year, the Commissioner for Children and Families shall submit a written report to the Joint Fiscal Committee; the House Committees on Appropriations, on General, Housing, and Military Affairs, and on Human Services; and the Senate Committees on Appropriations and on Health and Welfare. The report shall contain the following:~~

~~(1) an evaluation of the General Assistance program during the previous fiscal year;~~

~~(2) any recommendations for changes to the program;~~

~~(3) a plan for continued implementation of the program;~~

~~(4) statewide statistics using deidentified data related to the use of emergency housing vouchers during the preceding State fiscal year, including demographic information, client data, shelter and motel usage rates, clients' primary stated cause of homelessness, and average lengths of stay in emergency housing by demographic group and by type of housing; and~~

~~(5) other information the Commissioner deems appropriate. [Repealed.]~~

* * * Effective Dates * * *

Sec. 16. EFFECTIVE DATES

(a) This section and Sec. 8 (deadline for adoption of permanent rules; interim emergency rulemaking) shall take effect on passage.

(b) Sec. 6 (grant requirements) shall take effect on October 1, 2028.

(c) All remaining sections shall take effect on July 1, 2026.

(Committee vote: 4-1-0)

(For House amendments, see House Journal of March 27, 2026, pages 3660-3661)

Reported favorably with recommendation of proposals of amendment by Senator Lyons for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Health and Welfare, with further proposals of amendment as follows:

First: In Sec. 4, 33 V.S.A. chapter 22, in section 2208, in the first sentence, by inserting “offer to” before “provide”

Second: In Sec. 14, expenditures; Vermont Homelessness Response Continuum, in subsection (a), in subdivision (3), by striking out “\$23,870,000.00” and inserting in lieu thereof “\$23,370,000.00”

Third: In Sec. 14, expenditures; Vermont Homelessness Response Continuum, in subsection (a), in subdivision (7), by inserting after the word “municipalities” the phrase “pursuant to 33 V.S.A. § 2209(a)”

Fourth: In Sec. 14, expenditures; Vermont Homelessness Response Continuum, in subsection (b), by striking out the phrase “in this section”

(Committee vote: 7-0-0)

H. 955.

An act relating to next steps in transforming Vermont’s education system.

Reported favorably with recommendation of proposal of amendment by Senator Cummings for the Committee on Finance.

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

* * * Legislative Intent * * *

Sec. 1. FINDINGS; LEGISLATIVE INTENT

(a) Findings. The General Assembly finds that:

(1) Implementation of school district consolidation under 2015 Acts and Resolves No. 46 (Act 46) resulted in the creation of larger supervisory unions, supervisory districts, and unified union school districts, which have achieved measurable administrative efficiencies, including reductions in per-pupil central office costs and the elimination of duplicative governance structures, while maintaining or improving student opportunities in many regions.

(2) Regional high schools serving broader geographic areas provide expanded and more equitable access to academic programming, career and technical education, co-curricular opportunities, and specialized staff, which are often not sustainable at smaller scales.

(3) Research demonstrates that closing small elementary schools often yields limited or inconsistent cost savings once transportation, capital adjustments, and community impacts are considered, and may negatively affect student outcomes and family engagement, particularly in rural areas.

(4) Nationally, the average public school district enrolls approximately 5,000 students, while the median district size is substantially smaller, commonly cited near 1,500 students, reflecting a wide distribution of district scale across the United States.

(5) In rural states, school district design must account not only for enrollment but also for geographic size, as districts are often measured in square miles. Larger geographic areas can present barriers to equitable access to educational opportunity, requiring careful balancing of efficiency, transportation time, community connection, and student access to high-quality programming.

(6) Approximately 40 percent of Vermont high school graduates enroll in a two- or four-year degree program. This outcome does not reflect a lack of academic engagement but rather underscores the importance of ensuring that all students graduate with a clear and supported pathway, including high-quality career and technical education, workforce entry, or further education aligned with individual goals and regional economic needs.

(b) Legislative intent.

(1) To ensure each student is provided substantially equal opportunities for an excellent education that will prepare the student to thrive in a 21st-century world, it is the intent of the General Assembly to work strategically, intentionally, and thoughtfully to ensure that each incremental change made to Vermont's public education system provides strength and support to its only constitutionally required governmental service.

(2) The General Assembly recognizes that Vermont's schools anchor local economies and community identity, connecting young persons to their homes while supporting workforce development and long-term stability, and that different regions of Vermont have different needs, challenges, and opportunities. Further, it is the intent of the General Assembly to ensure that local voice and community input retain an important role in Vermont's evolving education landscape.

(3) It is the intent of the General Assembly to create a statewide education system that encourages and supports local elementary schools, central middle schools, and comprehensive, regional high schools that provide each student with universal access to career technical education.

* * * Cooperative Educational Service Areas * * *

Sec. 2. 16 V.S.A. chapter 10 is amended to read:

CHAPTER 10. ~~BOARDS OF COOPERATIVE EDUCATION SERVICES~~
EDUCATIONAL SERVICE AREAS

§ 601. POLICY

It is the policy of the State to ~~allow and encourage supervisory unions to create boards of cooperative education services~~ educational service areas to provide shared programs and services on a regional and statewide level. ~~Formation of a board of cooperative education services shall be designed to build upon the geographically focused cooperative regions used by Vermont superintendents as of July 1, 2024; It is the intent of the General Assembly that cooperative educational service areas are utilized by member supervisory unions to maximize the impact of available dollars through collaborative funding; reduce duplication of programs, personnel, and services; ensure every middle and high school student has a genuine opportunity to participate fully in and to benefit from career technical education; and contribute to equalizing the equalization of educational opportunities for all pupils.~~

§ 602. DEFINITIONS

As used in this chapter:

(1) “Educator” means any:

(A) individual licensed under chapter 51 of this title, the majority of whose employed time in a public school district, supervisory union, or ~~board of cooperative education services~~ educational service area is assigned to furnish to students direct instructional or other educational services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board; or

* * *

(3) “Cooperative educational service area” or “CESA” means an association of supervisory unions created pursuant to this chapter to deliver shared programs and services to complement the educational programs of member supervisory unions in a cost-effective manner. A CESA shall be a body politic and corporate with the powers and duties afforded it under this chapter.

§ 603. CREATION OF ~~BOARD OF COOPERATIVE EDUCATION SERVICES~~ EDUCATIONAL SERVICE AREAS;
ORGANIZATION; SECRETARY APPROVAL

(a) Establishment of ~~boards of cooperative education services~~ educational service areas. ~~When the boards of two or more supervisory unions vote to explore the advisability of entering into a written agreement to provide shared programs and services, the interested boards shall meet and discuss the terms of any such agreement. At this meeting or a subsequent meeting, the participating boards may enter into a proposed agreement to form an~~

~~association of supervisory unions to deliver shared programs and services to complement the educational programs of member supervisory unions in a cost-effective manner. An association formed pursuant to this chapter shall be known as a board of cooperative education services (BOCES) and shall be a body politic and corporate with the powers and duties afforded them under this chapter. Supervisory unions are arranged into the following cooperative educational service areas:~~

(1) The Champlain Valley North CESA is formed of the member supervisory unions of:

(A) Franklin Northeast Supervisory Union, which is composed of the member school districts of the Enosburgh-Richford Unified Union School District and the Northern Mountain Valley Unified Union School District;

(B) Franklin West Supervisory Union, which is composed of the member school districts of the Fairfax School District, the Fletcher School District, and the Georgia School District;

(C) Grand Isle Supervisory Union, which is composed of the member school districts of the Alburgh School District, the Champlain Islands Unified Union School District, and the South Hero School District;

(D) Maple Run Unified Union Supervisory District; and

(E) Missisquoi Valley Supervisory District.

(2) The Chittenden Central CESA is formed of the member supervisory unions of:

(A) Burlington Supervisory District;

(B) Colchester Supervisory District;

(C) Essex Westford Educational Community Unified Union Supervisory District;

(D) Milton Supervisory District;

(E) South Burlington Supervisory District; and

(F) Winooski Supervisory District.

(3) The Champlain Valley South CESA is formed of the member supervisory unions of:

(A) Addison Central Supervisory District;

(B) Addison Northwest Supervisory District;

(C) Champlain Valley Supervisory District;

(D) Lincoln Supervisory District;

(E) Mount Abraham Unified Supervisory District; and

(F) Mount Mansfield Unified Union Supervisory District.

(4) The Southwest CESA is formed of the member supervisory unions of:

(A) Bennington Rutland Supervisory Union, which is composed of the member school districts of the Mettawee School District, the Taconic and Green Regional School District, and the Winhall School District;

(B) Greater Rutland County Supervisory Union, which is composed of the member school districts of the Ira School District, the Quarry Valley Unified Union School District, the Rutland Town School District, and the Wells Spring Unified Union School District;

(C) Mill River Unified Union Supervisory District;

(D) Rutland City Supervisory District;

(E) Rutland Northeast Supervisory Union, which is composed of the member school districts of the Barstow Unified Union School District and the Otter Valley Unified Union School District;

(F) Slate Valley Unified Union Supervisory District; and

(G) Southwest Vermont Supervisory Union, which is composed of the member school districts of the Arlington School District, the Mount Anthony Union High School District #14, the North Bennington Graded School District, the Sandgate School District, and the Southwest Vermont Union Elementary School District.

(5) The Vermont Learning Collaborative is formed of the member supervisory unions of:

(A) Mountain View Supervisory Union, which is composed of the member school districts of the Pittsfield School District and the Mountain View School District;

(B) Springfield Supervisory District;

(C) Two Rivers Supervisory Union, which is composed of the member school districts of the Green Mountain Unified School District and the Ludlow-Mount Holly Unified Union School District;

(D) Windham Central Supervisory Union, which is composed of the member school districts of the Marlboro School District, the River Valleys

Unified School District, the Stratton School District, the West River Modified Union Education District, and the Windham School District;

(E) Windham Northeast Supervisory Union, which is composed of the member school districts of the Bellows Falls Union High School District, the Rockingham School District, the Athens Grafton School District, and the Westminster School District;

(F) Windham Southeast Supervisory Union, which is composed of the member school districts of the Vernon Town School District and the Windham Southeast School District;

(G) Windham Southwest Supervisory Union, which is composed of the member school districts of the Halifax School District, the Readsboro School District, the Searsburg School District, the Somerset School District, the Stamford School District, and the Twin Valley Unified School District; and

(H) Windsor Southeast Supervisory Union, which is composed of the member school districts of the Hartland School District, the Mount Ascutney School District, and the Weathersfield School District.

(6) The Northeast CESA is formed of the member supervisory unions of:

(A) Caledonia Central Supervisory Union, which is composed of the member school districts of the Cabot School District, the Caledonia Cooperative School District, the Danville School District, the Peacham School District, and the Twinfield Union School District;

(B) Essex North Supervisory Union, which is composed of the member school districts of the Canaan School District, the Essex North Supervisory Union, and the NEK Choice School District;

(C) Hartford Supervisory District;

(D) Kingdom East Supervisory District;

(E) North Country Supervisory Union, which is composed of the member school districts of the Brighton School District, the Charleston School District, the Coventry School District, the Derby School District, the Holland School District, the Jay School District, the Lowell School District, the Morgan School District, the Newport City School District, the Newport Town School District, the North Country Union High School District, the North Country Union Junior High School Board, the Troy School District, and the Westfield School District;

(F) Orange East Supervisory Union, which is composed of the member school districts of the Blue Mountain Union School District, the

Oxbow Unified Union School District, the Thetford Town School District, and the Waits River Valley Union School District #36;

(G) Orleans Central Supervisory Union, which is formed of the member school districts of the Lake Region Union Elementary-Middle School District and the Lake Region Union High School District;

(H) Rivendell Interstate Supervisory District;

(I) SAU 70; and

(J) St. Johnsbury Supervisory District.

(7) The Winooski Valley CESA is formed of the member supervisory unions of:

(A) Barre Unified Union Supervisory District;

(B) Central Vermont Supervisory Union, which is composed of the member school districts of the Echo Valley Community School District and the Paine Mountain School District;

(C) Harwood Unified Union Supervisory District;

(D) Lamoille North Supervisory Union, which is composed of the member school districts of the Cambridge School District and the Lamoille North Modified Unified Union School District;

(E) Lamoille South Supervisory Union, which is composed of the Member School Districts of the Elmore-Morristown Unified Union School District and the Stowe School District;

(F) Montpelier Roxbury Supervisory District;

(G) Orange Southwest Unified Union Supervisory District;

(H) Orleans Southwest Supervisory Union, which is composed of the member school districts of the Craftsbury School District, the Hazen Union School District, the Mountain View Union Elementary School District, the Stannard Town School District, and the Wolcott School District;

(I) Washington Central Unified Union Supervisory District; and

(J) White River Valley Supervisory Union, which is composed of the member school districts of the First Branch Unified School District, the Granville-Hancock Unified District, the Rochester-Stockbridge Unified District, the Sharon School District, the Strafford School District, and the White River Unified District.

~~(b) Articles of agreement Bylaws. Agreements to form a BOCES pursuant to this chapter shall take the form of articles of agreement and shall serve as~~

~~the operating agreement for a BOCES. Agreements shall include a cost-benefit analysis outlining the projected financial savings or enhanced outcomes, or both, that the parties expect to realize through shared services or programs. No agreement or subsequent amendments shall take effect unless approved by the member supervisory union boards and the Secretary of Education. The Secretary shall approve articles of agreement if the Secretary finds that the formation of the proposed BOCES is in the best interests of the State, the students, and the member supervisory unions and aligns with the policy set forth in section 601 of this title, subject to the limitations of subsection (d) of this section. Each CESA shall establish bylaws to serve as the operating agreement of the CESA. At a minimum, the articles of agreement bylaws shall state:~~

- (1) the names of the participating supervisory unions;
- (2) the mission, purpose, and focus of the ~~BOCES~~ CESA;
- (3) the programs or services to be offered by the ~~BOCES~~ CESA;
- (4) the financial terms and conditions of membership of the ~~BOCES~~ CESA, including any applicable membership fee, which shall be allocated according to the amount of services actually provided to each member supervisory union;
- (5) the service fees for member supervisory unions and the service fees for nonmember supervisory unions, as applicable;
- (6) the detailed procedure for the preparation and adoption of an annual budget with carryforward provisions;
- (7) ~~the method of termination of the BOCES and the withdrawal of member supervisory unions, which shall include the apportionment of assets and liabilities; [Repealed.]~~
- (8) the procedure for ~~admitting new members and for amending the articles of agreement~~ bylaws;
- (9) the powers and duties of the board of directors of the ~~BOCES~~ CESA to operate and manage the association, including:
 - (A) board meeting attendance requirements;
 - (B) consequences for failure to attend a board meeting;
 - (C) a conflict-of-interest policy; and
 - (D) a policy regarding board member salaries or stipends; and

(10) any other matter not incompatible with law that the member supervisory unions consider necessary ~~to the formation of the BOCES.~~

(c) Board of directors. A ~~BOCES~~ CESA shall be managed by a board of directors, which shall be composed of one person appointed annually by each member supervisory union board. Appointed persons shall be members of a member supervisory union board or the superintendent or designee of the member supervisory union. Each member of the ~~BOCES~~ CESA board of directors shall be entitled to a vote. No member of the board of directors of a ~~BOCES~~ CESA shall serve as a member of a board of directors or as an officer or employee of any related for-profit or nonprofit organization. The board of directors shall elect a chair from its members and provide for such other officers as it may determine are necessary. The board of directors may also establish subcommittees and create board policies and procedures as it may determine are necessary. The board of directors shall meet not fewer than four times annually. Each member of the board of directors shall provide updates on the activities of the ~~BOCES~~ CESA on a quarterly basis to the member's appointing supervisory union board at an open board meeting.

~~(d) Number of BOCESs. There shall be not more than seven BOCESs statewide. Supervisory unions shall not be a member of more than one BOCES but may seek services as a nonmember from other BOCESs. [Repealed.]~~

§ 604. POWERS OF BOARDS OF COOPERATIVE EDUCATION SERVICES EDUCATIONAL SERVICE AREAS

(a) In addition to any other powers granted by law, a ~~BOCES~~ CESA shall have the power to provide educational programs, services, facilities, and professional and other staff that, in its discretion, best serve the needs of its members, including professional development, curriculum coordination and development, and transportation. A ~~BOCES~~ CESA shall follow all applicable State and federal laws in its provision of services, including Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA shall offer services in the following areas to its members, when requested:

(1) special education, including implementation and maintenance of tiered systems of support and the provision of low-incidence, high-cost services;

(2) business and administrative services; and

(3) union school district creation consultation and facilitation.

(b) A ~~BOCES~~ CESA shall employ an executive director who shall serve under the general direction of the board and who shall be responsible for the care and supervision of the ~~BOCES~~ CESA. The board shall annually evaluate the executive director's performance and effectiveness in implementing the programs, policies, and goals of the ~~BOCES~~ CESA. The executive director shall not serve as a board member, officer, or employee of any related for-profit or nonprofit organization.

(c) A ~~BOCES~~ CESA shall be a body politic and corporate and shall have standing to sue and be sued to the same extent as a school district. A ~~BOCES~~ CESA may enter into contracts for the purchase of supplies, materials, and services and for the purchase or leasing of land, buildings, and equipment as considered necessary by the board of directors. Section 559 of this title shall apply to the procurement of services or items with costs that exceed \$40,000.00, as well as high-cost construction contracts, as defined by subsection 559(b) of this title.

(d) The board of directors of a ~~BOCES~~ CESA may apply for State, federal, or private grants, for which a ~~BOCES~~ CESA may be otherwise eligible, to obtain funds necessary to carry out the purpose for which the ~~BOCES~~ CESA is established. Nothing in this chapter is intended to create an entitlement to federal funds distributed by the Agency of Education to local education agencies.

§ 605. FINANCING, BUDGETING, AND ACCOUNTING

(a) Education cooperative fund. A ~~BOCES~~ CESA shall establish and manage a fund to be known as an education cooperative fund. All monies contributed by the member school districts and all grants or gifts from the federal government, State government, charitable foundations, private corporations, or any other source shall be deposited into the fund.

(b) Treasurer.

(1) A ~~BOCES~~ CESA shall appoint a treasurer who may be a treasurer of a member school district and who shall be sworn in before entering the duties of the office.

(2) The treasurer may, subject to the direction of the board of directors, receive and disburse all money belonging to the board without further appropriation.

(3) The treasurer shall keep financial records of cash receipts and disbursements and shall make those records available to the board of directors upon request.

(4) The board of directors shall ensure that its blanket bond covers a newly appointed treasurer before the treasurer enters upon the duties of the office. In lieu of a blanket bond, a BOCES CESA may choose to provide suitable crime insurance coverage. The board of directors may pay reasonable compensation to the treasurer for services rendered and shall evaluate the treasurer's performance annually.

(c) Financial accounting system. A BOCES CESA shall use the uniform chart of accounts and financial reporting requirements used by supervisory unions as its financial accounting system.

(d) Audit. Annually, a BOCES CESA shall cause an independent audit to be made of its financial statements consistent with generally accepted governmental auditing standards and shall discuss and vote to accept the audit report at an open meeting of the board. The board shall transmit a copy of each audit to the boards of its member supervisory unions.

(e) Annual statement. Annually, a BOCES CESA shall prepare financial statements, including:

- (1) a statement of net assets; and
- (2) a statement of revenues, expenditures, and changes in net assets.

(f) Budget. A The board of cooperative education services a CESA shall adopt a budget prior to the beginning of the fiscal year for which the budget is adopted.

(g) Loans. A BOCES CESA may, upon approval of its members, negotiate or contract with any person, corporation, association, or company for a loan not to exceed the difference between the anticipated revenues for the current fiscal year for the budget of the BOCES CESA and the amount credited to date to said budget in order to pay current obligations. Such loan shall be liquidated within six months thereafter from monies subsequently credited to said budget. The total principal, interest, and fees to be paid on such loan shall not exceed the total amount of the authorized budget for the same length of time.

§ 606. ANNUAL REPORT; PUBLIC INFORMATION

(a) The board of a BOCES CESA shall prepare an annual report concerning the affairs of the BOCES CESA and have it printed and distributed to the boards of the member supervisory unions. The annual report shall include, at a minimum:

- (1) information on the programs and services offered by the BOCES CESA, including information on the cost-effectiveness of such programs and

services and progress made towards achieving the objectives and purposes set forth in the articles of agreement; and

(2) audited financial statements and the independent auditor's report.

(b) A ~~BOCES~~ CESA shall maintain an internet website that makes the following information available to the public at no cost:

(1) a list of the members of the board of directors of the ~~BOCES~~ CESA;

(2) copies of approved minutes of open meetings held by the board of the ~~BOCES~~ CESA;

(3) a copy of the articles of agreement and any subsequent amendments; and

(4) a copy of the annual report required under subsection (a) of this section.

§ 607. EMPLOYMENT

(a) A ~~BOCES~~ CESA shall be considered to be a public employer and may employ personnel, including educators, to carry out the purposes and functions of the board. Annually, the board of a ~~BOCES~~ CESA shall conduct an area survey of the salaries of the educators and staff employed by the ~~BOCES's~~ CESA's member supervisory unions and school districts.

(b) No person shall be eligible for employment by a ~~BOCES~~ CESA as an educator unless the person is appropriately licensed by the Standards Board for Professional Educators pursuant to chapter 51 of this title.

(c) A person employed by a ~~BOCES~~ CESA as an educator shall be a participant in the Vermont State Teachers' Retirement System pursuant to chapter 55 of this title.

(d) A person who is employed by a ~~BOCES~~ CESA and who is not an educator shall be a participant in the Vermont Municipal Employees' Retirement System pursuant to 24 V.S.A. chapter 125.

(e) Educators employed by a ~~BOCES~~ CESA shall be entitled to organize pursuant to chapter 57 of this title.

(f) Employees employed by a ~~BOCES~~ CESA and who are not educators shall be entitled to organize pursuant to 21 V.S.A. chapter 22.

(g) Educators and employees who are employed by a ~~BOCES~~ CESA shall be provided health care benefits pursuant to chapter 61 of this title.

§ 608. CESA MEMBERSHIP ADJUSTMENT PROPOSALS

(a) The board of a member supervisory union may propose to the General Assembly to adjust the membership of the CESA it belongs to in accordance with the following procedure:

(1) The board of a supervisory union may vote to propose withdrawal from its current CESA in order to become a member of a different CESA.

(2) If a majority of the supervisory union board members vote in favor of withdrawing from one CESA in order to join a different CESA, the supervisory union board shall transmit the results of the membership adjustment proposal vote to the boards of both applicable CESAs.

(3) The board of a supervisory union's current CESA and the board of the CESA the supervisory union has voted to join shall hold separate advisory votes to approve the membership adjustment proposal within 45 days after the results of the supervisory union board vote held pursuant to subdivision (2) of this subsection.

(4) The supervisory union board requesting the membership adjustment shall submit the results of the advisory CESA board votes to the Secretary of Education with the following information:

(A) the minutes recorded by the supervisory union board that detail the origins and intent of the CESA membership adjustment proposal;

(B) copies of the warnings and published notices for any public hearings held to discuss the membership adjustment proposal;

(C) the minutes recorded by the supervisory union board that detail any public hearings held to discuss the membership adjustment proposal, including minutes from the meeting at which the board voted in favor of the CESA membership adjustment proposal; and

(D) the results of the advisory CESA board votes made pursuant to subdivision (3) of this subsection (a).

(b) The Secretary of Education shall deliver copies of the information required pursuant to subsection (a) of this section to the Clerk of the House, the Secretary of the Senate, and the chairs of the committees concerned with CESA membership of both houses of the General Assembly.

(c) The membership adjustment proposal shall become effective upon affirmative enactment of the proposal, either as proposed or as amended by the General Assembly.

Sec. 2a. 16 V.S.A. § 604(a) is amended to read:

(a) In addition to any other powers granted by law, a CESA shall have the power to provide educational programs, services, facilities, and professional and other staff that, in its discretion, best serve the needs of its members, ~~including professional development, curriculum coordination and development, and transportation.~~ A CESA shall follow all applicable State and federal laws in its provision of services, including Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA shall offer services in the following areas to its members, when requested:

- (1) special education, including implementation and maintenance of tiered systems of support and the provision of low-incidence, high-cost services;
- (2) business and administrative services; ~~and~~
- (3) union school district creation consultation and facilitation;
- (4) professional development;
- (5) curriculum coordination and development;
- (6) transportation; and
- (7) facilities master planning.

Sec. 3. REPEAL

2024 Acts and Resolves No. 168, Sec. 3 (transition; report) is repealed.

Sec. 4. 2024 Acts and Resolves No. 168, Sec. 4, as amended by 2025 Acts and Resolves No. 72, Sec. 7, is further amended to read:

Sec. 4. ~~BOCES~~ CESA GRANT PROGRAM; APPROPRIATION

(a) There is established the ~~Boards of Cooperative Education Services Educational Service Area~~ Start-up Grant Program, to be administered by the Agency of Education, from funds appropriated for this purpose, to award grants to ~~enable the formation of boards of cooperative education services (BOCES) formed pursuant to 16 V.S.A. chapter 10 after July 1, 2024~~ the CESAs created in 16 V.S.A. § 603(a) to assist with start-up costs. ~~Supervisory unions~~ CESAs shall be eligible for a single ~~\$10,000.00~~ \$15,000.00 grant after ~~two or more boards vote to explore the advisability of forming a board of cooperative education services pursuant to 16 V.S.A. § 603(a).~~ Grants may be used for start-up and formation costs, including the development of ~~proposed articles of agreement~~ bylaws. ~~Grants shall be awarded to only one supervisory~~

~~union within each group of supervisory unions exploring the formation of a BOCES.~~

(b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the sum of \$70,000.00 is appropriated from the Education Fund to the Agency of Education in fiscal year 2025 to fund the ~~Boards of Cooperative Education Services~~ Educational Service Area Start-up Grant Program created in subsection (a) of this section. Unexpended appropriations shall carry forward into the subsequent fiscal year and remain available for use for this purpose.

(c) Of the funds appropriated to the Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027, \$30,000.00 shall be used to provide additional funding to the Cooperative Educational Service Area Start-up Grant Program created in subsection (a) of this section.

Sec. 5. 16 V.S.A. § 261a is amended to read:

§ 261a. DUTIES OF SUPERVISORY UNION BOARD

* * *

(b) Virtual merger. In order to maximize the impact of available funding and resources, and to reduce duplication of educational programs, personnel, and services, whenever legally permissible, supervisory unions are encouraged to reach agreements with other supervisory unions jointly to provide any service or perform any duty under this section pursuant to section 267 of this title, or to form ~~boards of cooperative education services~~ educational service areas pursuant to chapter 10 of this title. Agreements between supervisory unions are not subject to the waiver requirement of subdivision (a)(8) of this section. Agreements shall include a cost-benefit analysis outlining the projected financial savings or enhanced outcomes, or both, that the parties expect to realize through shared services or programs.

* * *

Sec. 6. 16 V.S.A. § 1691a is amended to read:

§ 1691a. DEFINITIONS

As used in this chapter:

(1) “Administrator” means an individual licensed under this chapter the majority of whose employed time in a public school, school district, supervisory union, or ~~board of cooperative education services~~ educational service area is assigned to developing and managing school curriculum, evaluating and disciplining personnel, or supervising and managing a public school system or public school program.

* * *

(10) “Teacher” means an individual licensed under this chapter the majority of whose employed time in a public school district, supervisory union, or ~~board of cooperative education services~~ educational service area is assigned to furnish to students direct instructional or other educational services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board.

Sec. 7. 16 V.S.A. § 1931(20) is amended to read:

(20) “Teacher” means any licensed teacher, principal, supervisor, superintendent, or any professional licensed by the Vermont Standards Board for Professional Educators who is regularly employed, or otherwise contracted if following retirement, for the full normal working time for the teacher’s position in a public day school or school district within the State, or in any school or teacher-training institution located within the State, controlled by the State Board of Education, and supported wholly by the State; or in certain public independent schools designated for such purposes by the Board in accordance with section 1935 of this title; or who is regularly employed by a ~~board of cooperative education services~~ educational service area created in accordance with chapter 10 of this title. In all cases of doubt, the Board shall determine whether any person is a teacher as defined in this chapter. It does not mean a person who is teaching with an emergency license.

Sec. 8. 24 V.S.A. § 5051(10) is amended to read:

(10) “Employee” means the following persons employed on a regular basis by a school district, by a supervisory union, or by a ~~board of cooperative education services~~ educational service area for not fewer than 1,040 hours in a year and for not fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071, or for not fewer than 1,040 hours in a year and for not fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union or a ~~board of cooperative education services~~ educational service area in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an “employee” if these criteria are met by the combined hours worked for the supervisory union and school district. The term also means persons employed on a regular basis by a municipality other than a school district for not fewer than 1,040 hours in a year and for not fewer than 24 hours per week, including persons employed in

a library at least one-half of whose operating expenses are met by municipal funding:

* * *

Sec. 9. 16 V.S.A. § 1981 is amended to read:

§ 1981. DEFINITIONS

As used in this chapter unless the context requires otherwise:

* * *

(8) “School board negotiations council” means, for a supervisory district, its school board, and, for school districts within a supervisory union or ~~board of a cooperative education services~~ educational service area, the body comprising representatives designated by each school board within the supervisory union or ~~board of cooperative education services~~ supervisory union board within each cooperative educational service area and by the supervisory union board or board of a cooperative education services educational service area to engage in professional negotiations with a teachers’ or administrators’ organization.

(9) “Teachers’ organization negotiations council” or “administrators’ organization negotiations council” means the body comprising representatives designated by each teachers’ organization or administrators’ organization within a supervisory district, supervisory union, or ~~board of cooperative education services~~ educational service area to act as its representative for professional negotiations.

Sec. 10. 21 V.S.A. § 1722 is amended to read:

§ 1722. DEFINITIONS

As used in this chapter:

* * *

(18) “School board negotiations council” means, for a supervisory district, its school board, and, for school districts within a supervisory union or ~~board of a cooperative education services~~ educational service area, the body comprising representatives designated by each school board within the supervisory union or ~~board of cooperative education services~~ supervisory union board within a cooperative educational service area and by the supervisory union board or ~~board of cooperative education services~~ educational service area to engage in collective bargaining with their school employees’ negotiations council.

(19) “School employees’ negotiations council” means the body comprising representatives designated by each exclusive bargaining agent within a supervisory district, supervisory union, or ~~board of cooperative education services~~ educational service area to engage in collective bargaining with its school board negotiations council.

* * *

(21) “Municipal school employee” means an employee of a supervisory union, school district, or ~~board of cooperative education services~~ educational service area who is not otherwise subject to 16 V.S.A. chapter 57 (labor relations for teachers and administrators) and who is not otherwise excluded pursuant to subdivision (12) of this section.

* * *

Sec. 11. 16 V.S.A. § 2101 is amended to read:

§ 2101. DEFINITIONS

As used in this chapter:

* * *

(3) “School employer” means a supervisory union or school district as those terms are defined in section 11 of this title, or a ~~board of cooperative education services~~ educational service area formed pursuant to chapter 10 of this title.

Sec. 12. CESA TRANSITION

(a) Within 30 days following the passage of this act, each member supervisory union board of each CESA created under 16 V.S.A. § 603(a) shall appoint a person to serve on the board of directors of the applicable CESA pursuant to 16 V.S.A. § 603(c).

(b) Within 45 days following the passage of this act, the superintendent of the supervisory union with the highest aggregate average daily membership of each CESA created under 16 V.S.A. § 603(a) shall call a meeting of the directors of the CESA at which each CESA board shall elect a chair and other necessary officers.

(c) The articles of agreement of the Vermont Learning Collaborative (VTLC) in effect on June 30, 2026, shall serve as the operating agreement of the VTLC unless and until amended.

* * * Union School District Exploration and Formation * * *

Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND FACILITATION

(a) Facilitator. On or before October 1, 2026, the Vermont Learning Collaborative (VTLC), a CESA formed pursuant to 16 V.S.A. chapter 10, shall employ or contract for the services of seven union school district formation facilitators (facilitators) who shall be responsible for organizing and facilitating study committees to study the advisability of forming a unified union school district. The VTLC shall also hire one lead facilitator who, in addition to facilitating study committees as necessary, shall oversee the work of the seven facilitators. A facilitator shall have knowledge of and experience working in Vermont's public education system. The VTLC shall assign one facilitator to each CESA membership region created pursuant to 16 V.S.A. § 603(a)(1)–(7).

(b) Study committees.

(1) On or before December 1, 2026:

(A) Each facilitator shall group school districts within the facilitator's assigned CESA region's member supervisory unions together to form study committees to study the advisability of forming a unified union school district. The facilitator shall consult with school district boards prior to finalizing study committee membership. Using the suggested school district groupings contained in Sec. 14 of this act as guidance, and taking into consideration grand list values, accounting for the homestead exemption and current education spending, the facilitator shall group school districts together according to the following criteria:

(i) total average daily membership of school districts forming a study committee shall be a minimum of 1,500 students, as practical; and

(ii) school districts on the same study committee may be members of different supervisory unions.

(B) Each study committee shall hold its first meeting.

(2) Notwithstanding any provision of law to the contrary, a school district shall participate in good faith in the study committee it is assigned to by the facilitator.

(3) A study committee formed pursuant to this section shall adhere to the processes and requirements of 16 V.S.A. chapter 11, subchapter 2.

(A) If a study committee identifies a school district as necessary that is not a member of the study committee or that is not a member of the CESA,

or both, the study committee shall work with the applicable facilitator or facilitators to adjust study committee membership as necessary.

(B) Notwithstanding 16 V.S.A. § 706(b) as it applies to study committee budgets and 16 V.S.A. § 707(a) and (b), a study committee formed pursuant to this section shall be funded through appropriations made by the General Assembly for this purpose; provided, however, that if a study committee's needs exceed the appropriations provided, it may elect to increase its budget according to the processes and procedures established in 16 V.S.A. chapter 11.

(C) In addition to the requirements of 16 V.S.A. chapter 11, subchapter 2, a study committee shall also explore the advisability and feasibility of a contemplated new unified union school district providing for the education of its resident students through local elementary schools, central middle schools, and comprehensive, regional high schools that provide each student with universal access to career technical education.

(D) A study committee formed pursuant to this section shall prepare a report with its final recommendations as to whether it is advisable or inadvisable to form a new unified union school district. In addition to the report requirements in 16 V.S.A. § 708(c), the final report of each study committee formed pursuant to this section shall include the following:

(i) the names of the school districts participating in the study committee;

(ii) an analysis of the strengths and challenges of the current structures of all "necessary" and "advisable" school districts;

(iii) the study committee's final recommendation as to whether it is advisable or inadvisable to propose the formation of a new unified union school district;

(iv) an analysis of how the final recommendation will enable the study committee member school districts to, under the foundation formula, maximize operational efficiencies, promote transparency and accountability, and encourage and support local decisions and actions that provide equal opportunities for an excellent education, all at a cost that parents, voters, and taxpayers value; and

(v) if the decision of the study committee was not unanimous, an analysis of the minority view of the committee.

(E) Members of a study committee that determines it is inadvisable to propose the formation of a new unified union school district may form a new study committee or committees and may pursue any union school district

formation option available under 16 V.S.A. chapter 11 after the study committee members vote to dissolve the study committee formed pursuant to this section.

(F) Each study committee formed pursuant to this section shall consult with area career technical education (CTE) directors and shall document such consultation and any recommendations made by a CTE director in the study committee's final report issued pursuant to subdivision (D) of this subdivision (b)(3).

(4) On or before December 1, 2027, each study committee shall complete its final report and transmit it, along with proposed articles of agreement, as applicable, to the school board of each school district that the report identifies as either "necessary" or "advisable" if the study committee determined it was advisable to form a new unified union school district, or to the school board of each school district participating on the study committee if the study committee determined it was inadvisable to form a new unified union school district.

(5) On or before February 1, 2028, a school board shall complete its review and provide comments to the study committee pursuant to 16 V.S.A. § 709(a) regarding the study committee's report and proposed articles of agreement.

(6) Facilitators shall monitor the work of the General Assembly related to education transformation and share the most up-to-date fiscal modeling with the study committees.

(c) Secretary review. If a study committee determines that it is advisable to propose formation of a new unified union school district, the study committee is required to transmit the required report and proposed articles of agreement to the Secretary pursuant to 16 V.S.A. § 709(b). If the Secretary fails to submit the report and proposed articles of agreement, with the Secretary's recommendations, to the State Board within 60 days following receipt of the report and proposed articles of agreement or on or before April 1, 2028, whichever date shall occur first, the study committee shall transmit the report and proposed articles of agreement directly to the State Board, which shall then take action pursuant to 16 V.S.A. § 709(c) regardless of whether the Secretary submits a recommendation regarding the proposed unified union school district.

(d) State Board findings. The State Board shall issue the findings required pursuant to 16 V.S.A. § 709(c)(2) on or before June 1, 2028.

(e) Vote to form a unified union school district. If a study committee formed pursuant to this section determines that it is advisable to propose formation of a new unified union school district, the voters of each school district that is identified as “necessary” or “advisable” shall vote whether to form the proposed union school district, in accordance with 16 V.S.A. § 710, on or before November 7, 2028.

(f) Study committee status report. On or before February 1, 2027, the Agency of Education, in consultation with the facilitators, shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance with information regarding the membership and status of each study committee formed pursuant to this section.

Sec. 14. GUIDANCE FOR STUDY COMMITTEE GROUPINGS

Facilitators shall use the school district groupings contained in subdivisions (1)–(18) of this section as guidance when forming study committees pursuant to Sec. 13 of this act. Facilitators may form study committees that differ from the guidance contained in this section; provided, however, that a facilitator shall transmit the facilitator’s rationale for such choices to the lead facilitator for inclusion in the report required pursuant to Sec. 15 of this act.

(1) Group one: Arlington School District, Mount Anthony Union High School District #14, North Bennington Graded School District, Sandgate School District, Searsburg School District, and Southwest Vermont Union Elementary School District.

(2) Group two: Halifax School District, Marlboro School District, Readsboro School District, Stamford School District, Twin Valley Unified School District, Vernon Town School District, West River Modified Union Education District, and Windham Southeast School District.

(3) Group three: Mettawee School District, River Valleys Unified School District, Stratton School District, Taconic and Green Regional School District, Wells Spring Unified Union School District, and Winhall School District.

(4) Group four: Athens Grafton School District, Bellows Falls Union High School District, Green Mountain Unified School District, Ludlow-Mount Holly Unified Union School District, Rockingham School District, Springfield School District, Westminster School District, and Windham School District.

(5) Group five: Hartford School District, Hartland School District, Mount Ascutney School District, Mountain Views School District, Pittsfield School District, and Weathersfield School District.

(6) Group six: Barstow Unified School District, Ira School District, Mill River Unified Union School District, Otter Valley Unified Union School District, Quarry Valley Unified Union School District, Rutland City School District, Rutland Town School District, and Slate Valley Unified Union School District.

(7) Group seven: First Branch Unified School District, Granville-Hancock Unified District, Orange Southwest Unified Union School District, Rochester-Stockbridge Unified District, Sharon School District, Strafford School District, and White River Unified District.

(8) Group eight: Blue Mountain Union School District, Cabot School District, Danville School District, Echo Valley Community School District, Oxbow Unified Union School District, Paine Mountain School District, Peacham School District, Thetford School District, and Waits River Valley Union School District #36.

(9) Group nine: Caledonia Cooperative School District, Kingdom East Unified Union School District, and St. Johnsbury School District.

(10) Group 10: Cambridge School District, Craftsbury School District, Elmore Morristown Unified Union School District, Hazen Union High School District, Lamoille North Modified Unified Union School District, Mountain View Union Elementary School District, Stannard Town School District, Stowe School District, and Wolcott School District.

(11) Group 11: Brighton School District, Canaan School District, Charleston School District, Coventry School District, Derby School District, Essex North Supervisory Union, Holland School District, Jay School District, Lake Region Union Elementary-Middle School District, Lake Region Union High School District, Lowell School District, Morgan School District, NEK Choice School District, Newport City School District, Newport Town School District, North Country Union Junior High School Board, North Country Union High School District, Troy School District, and Westfield School District.

(12) Group 12: Alburgh School District, Champlain Islands Unified Union School District, Enosburgh-Richford Unified Union School District, Fairfax School District, Fletcher School District, Georgia School District, Maple Run Unified School District, Missisquoi Valley School District, Northern Mountain Valley Unified Union School District, and South Hero School District.

(13) Group 13: Colchester School District, Essex Westford Educational Community Unified Union School District, and Milton School District.

(14) Group 14: Burlington School District, South Burlington School District, and Winooski School District.

(15) Group 15: Champlain Valley School District.

(16) Group 16: Mount Mansfield Unified Union School District.

(17) Group 17: Addison Central School District, Addison Northwest School District, Lincoln School District, and Mount Abraham Unified School District.

(18) Group 18: Barre Unified Union School District, Harwood Unified Union School District, Montpelier Roxbury School District, Twinfield Unified School District, and Washington Central Unified Union School District.

Sec. 14a. INTERIM STUDY COMMITTEE REPORTS

(a) On or before January 1, 2028, the lead facilitator employed or contracted by the Vermont Learning Collaborative (VTLC) shall submit a written report to the House and Senate Committees on Education with an update on the status of each study committee formed pursuant to Sec. 13 of this act, including membership and the final recommendations of each study committee.

(b) On or before January 1, 2028, the Agency of Education, in consultation with the study committees formed pursuant to this act and the State Board of Education, shall submit a written interim report to the House and Senate Committees on Education with preliminary recommendations for supervisory union boundary adjustments and CESA boundary adjustments that take into account the final recommendations of the study committees formed pursuant to Sec. 13 of this act.

Sec. 15. STUDY COMMITTEE RESULTS AND ANALYSIS; FACILITATOR REPORT

On or before January 1, 2029, the lead facilitator employed or contracted by the Vermont Learning Collaborative (VTLC) shall submit a written report to the House and Senate Committees on Education with the following:

(1) a determination and identification of any school district that is a bad faith participant in the study committee process created pursuant to Sec. 13 of this act;

(2) the results of each study committee overseen by each facilitator employed or contracted by the VTLC; and

(3) information regarding whether, and if so, how, the following issues impacted or influenced the final outcome for each study committee overseen

by the facilitator, along with recommendations for legislative action needed to remove identified barriers to the formation of new union school districts:

(A) differences in staffing costs and the costs associated with moving from several different collectively bargained agreements to one collectively bargained agreement for applicable staff in the new union school district;

(B) differences in operating structures;

(C) geographic and topographic barriers;

(D) enrollment patterns and projections; and

(E) any other factor the facilitator found to have influenced the final decision of a study committee.

Sec. 16. SUPERVISORY UNION AND CESA BOUNDARIES; AGENCY OF EDUCATION REPORT

On or before January 1, 2029, the Agency of Education, in consultation with the study committees formed pursuant to this act and the State Board of Education, shall submit a written report to the House and Senate Committees on Education with recommendations for supervisory union boundary adjustments and CESA boundary adjustments that take into account the new union school districts formed or proposed to be formed pursuant to this act.

Sec. 17. STUDY COMMITTEE REIMBURSEMENT GRANTS; CESA EXECUTIVE DIRECTOR GRANTS; REPORTS; FUNDING

(a) Study committee reimbursement grant; appropriation.

(1) The Agency of Education shall pay up to \$10,000.00 to a study committee formed pursuant to Sec. 13 of this act to reimburse participating school districts for legal and other services necessary for the analysis and report required pursuant to 16 V.S.A. § 708(c) and Sec. 13(b)(3)(D) or (E) of this act, as applicable. The study committee shall forward invoices to the Agency on a quarterly basis. The Agency shall reimburse one-half of the total amount reflected in each set of invoices upon receipt and the remaining one-half upon completion of the final report required pursuant to Sec. 13(b)(3)(D) or (E) of this act, as applicable; provided, however, that no payment shall cause the total amount of funds paid to a study committee to exceed the \$10,000.00 limit.

(2) Of the funds appropriated to the Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027, \$210,000.00 shall be used for the purpose of awarding study committee reimbursement grants to the study

committees formed pursuant to Sec. 13 of this act in accordance with subdivision (1) of this subsection.

(b) Facilitator appropriation; reports. Of the funds appropriated to the Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027, \$442,000.00 shall be granted to the Vermont Learning Collaborative (VTLC) within 45 days following the passage of this act for the purpose of hiring or contracting for seven facilitators and one lead facilitator pursuant to Sec. 13(a) of this act, as well as for administrative costs associated with contracting for the facilitators. The VTLC may use up to \$32,000.00 of the funds appropriated pursuant to this subsection for administrative costs.

(c) CESA executive director grant; appropriation.

(1) From funds appropriated to the Agency of Education for this purpose, the Agency shall award a grant in the amount of \$50,000.00 to each CESA created in 16 V.S.A. § 603(a) to be used by the CESA to hire an executive director; provided, however, that the VTLC shall not be eligible for a grant under this subsection.

(2) Of the funds appropriated to the Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027, \$300,000.00 shall be used for the purpose of awarding CESA executive director grants in accordance with subdivision (1) of this subsection.

* * * 2025 Acts and Resolves No. 73 * * *

Sec. 18. 2025 Acts and Resolves No. 73, Sec. 70 is amended to read:

Sec. 70. EFFECTIVE DATES

* * *

(d) Sec. 48 (December 1 letter) shall take effect on July 1, ~~2027~~ 2029.

* * *

~~(f)(1) The following sections enumerated in subdivision (2) of this subsection shall take effect on July 1, 2028 2030, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students and that the expert tasked with developing a cost-factor foundation formula has provided to the General Assembly the report pursuant to Sec. 45a to provide the General Assembly an opportunity to enact legislation in consideration of the report following conditions have been met:~~

(A) school districts have had an opportunity to study the advisability of forming a new unified union school district and the clerk of each school district voting on a proposal to form a unified union school district on or before November 7, 2028, pursuant to legislation enacted by the General Assembly in 2026 that requires each school board to participate on a study committee to study the advisability of forming a unified union school district, has certified the results of any such vote, to the extent that any such votes occurred, to the Secretary of Education pursuant to 16 V.S.A. § 713(a);

(B) the expert tasked with developing a cost-factor foundation formula has provided to the General Assembly the report required pursuant to Sec. 45a of this act;

(C) on or before December 15, 2029, the Joint Fiscal Office has provided the General Assembly with an analysis, using fiscal year 2027 data, that compares the total appropriated State funds each school district received under Vermont's existing education funding formula with those the school district would have received under the foundation formula established in 2025 Acts and Resolves No. 73, as amended; and

(D) legislation has been enacted that addresses:

(i) suitable geographic measures for determining sparsity within the foundation formula;

(ii) whether it costs more to educate a secondary student than an elementary student in Vermont and, if so, an appropriate weight to capture the cost differential of educating secondary students;

(iii) how to account for the provision of career and technical education within Vermont's foundation formula;

(iv) how to account for regional differences in operating costs, including those driven by regional differences in cost of living and legacy collective bargaining agreements within the foundation formula; and

(v) how to fund special education services; school construction, renovation, and repayment of school district debt; transportation; and universal prekindergarten.

~~(1)(2)(A)~~ In Sec. 27, 16 V.S.A. § 823(a) and (d);

~~(2)(B)~~ Sec. 28 (tuition repeals);

~~(3)(C)~~ Secs. 34–43 (transition to cost-factor foundation formula);

~~(4)(D)~~ Sec. 45b (educational opportunity payment transition); [Deleted.]

~~(5)(E) Secs. 46, 47, 49, and 50 (statewide education tax; supplemental district spending tax); and~~

~~(6)(F) Sec. 46a (supplemental district spending tax; cap; transition); [Deleted.]~~

~~(7)(G) Sec. 48a (tax rate transition); [Deleted.]~~

~~(8)(H) Secs. 51, 52, and 54–56 (property tax credit repeal; creation of homestead exemption);~~

~~(9)(I) Sec. 57 (Education Fund Advisory Committee; review of foundation formula); and [Deleted.]~~

~~(10)(J) Secs. 60 and 61 (property tax classifications). [Deleted.]~~

~~(g) In Sec. 27, 16 V.S.A. § 823(b) and (c) shall take effect on July 1, 2028 July 1, 2030, provided that the new school districts contemplated by this act have assumed responsibility for the education of all resident students school districts have had an opportunity to study the advisability of forming a new unified union school district and the clerk of each school district voting on a proposal to form a unified union school district on or before November 7, 2028, pursuant to legislation enacted by the General Assembly in 2026 that requires each school board to participate on a study committee to study the advisability of forming a unified union school district, has certified the results of any such vote, to the extent that any such votes occurred, to the Secretary of Education pursuant to 16 V.S.A. § 713(a) and that the cost-factor foundation formula report required pursuant to Sec. 45a of this act contains evidence that it costs more to educate students in grades nine through 12 but the General Assembly has failed to enact legislation to add a secondary student weight.~~

~~(h) Sec. 62 (regional assessment districts) shall take effect on January 1, 2029. [Deleted.]~~

~~Sec. 18a. [Deleted.]~~

~~*** Prekindergarten Education ***~~

~~Sec. 19. PREKINDERGARTEN EDUCATION; FINDINGS~~

~~The General Assembly finds that:~~

~~(1) despite being colloquially known as the “universal prekindergarten program,” not all children three and four years of age in the State have equal access to a prequalified prekindergarten provider;~~

~~(2) Vermont ranks second in the country with regard to access to prekindergarten education by children who are four years of age, with 76 percent of eligible children four years of age receiving prekindergarten~~

education, and Vermont is one of two states in which more than 70 percent of children who are four years of age receive prekindergarten services;

(3) only 11 percent of eligible children are enrolled in prekindergarten services in Essex County;

(4) there is considerable geographic disparity in the State with regard to the number of prekindergarten slots available, and as a result, 95 percent of eligible children in Windsor and Windham Counties and 93 percent of eligible children in Chittenden County have access to a prequalified prekindergarten provider as compared to 55 percent in Franklin County and 61 percent in Grand Isle County; and

(5) while a substantial portion of states provide a full school day of four or more hours of prekindergarten education daily, less than five percent of Vermont's prequalified prekindergarten providers provide a full day of four or more hours of prekindergarten education.

Sec. 20. LEGISLATIVE INTENT

It is the intent of the General Assembly to:

(1) ensure that prekindergarten education is included as an integral part of Vermont's education system, as the right to education is fundamental for the success of Vermont's children in all grades, prekindergarten through grade 12;

(2) determine a locus of responsibility to ensure there is access to prekindergarten education within all school districts;

(3) provide access to licensed teachers in the classroom of both prequalified public and private providers, including access to support and provisional status; and

(4) equalize financial resources for all prequalified providers of prekindergarten education.

Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS; APPROPRIATION

(a) Legislative intent. It is the intent of the General Assembly to, in the 2027 legislative session, establish a funding structure for prekindergarten education that:

(1) supports achieving access for every prekindergarten child, as that term is defined in 16 V.S.A. § 829, with equitable payments and equitable educational standards for public and private providers;

(2) ensures the cost of prekindergarten education is included in the full cost of education;

(3) increases access and participation in areas of the State where access or participation is limited; and

(4) continues to support a mixed delivery system.

(b) Data and reports.

(1) The Agency of Education, Department for Children and Families, and Building Bright Futures (BBF) shall establish a system to jointly monitor and evaluate prekindergarten education programs to promote optimal results for children that support the relevant population-level outcomes set forth in 3 V.S.A. § 2311 and to collect data that will inform future decisions. BBF, in consultation with the Agency of Education and the Department for Children and Families, shall be required to report annually to the General Assembly in January.

(2)(A) On or before December 1, 2026, BBF, in consultation with the Agency of Education and the Department for Children and Families, shall submit a written report to the House Committees on Education, on Human Services, and on Ways and Means and the Senate Committees on Education, on Health and Welfare, and on Finance with the following information:

(i) the status of BBF's work under the federal Preschool Development Grant and data collection;

(ii) the initial or updated data findings, including prekindergarten student demographics and number of hours by prekindergarten program by district;

(iii) outstanding questions or gaps in data; and

(iv) recommendations for legislative action and other considerations.

(B) BBF shall also provide an update on the progress of its work under the federal Preschool Development Grant to the Joint Fiscal Committee on or before October 1, 2026.

(3)(A) The Joint Fiscal Office shall contract with a contractor with expertise in Vermont's education funding system to conduct an updated cost of care analysis to account for the provision of prekindergarten education within Vermont's education finance system. The contractor shall utilize the results of recent cost modeling studies, including the Vermont Early Care and Education Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec. 14; the 2026 Vermont Cost Modeling Report issued by First Children's Finance; and the statewide tuition rate for prekindergarten education, and collaborate with the Child Development Division, Agency of Education, and

BBF to ensure necessary data and appropriate factors are included in financial modeling. This study shall provide estimates for the current full cost of providing prekindergarten education for children three, four, and five years of age, not yet eligible to enroll in kindergarten.

(B) The sum of \$75,000.00 is appropriated to the Joint Fiscal Office from the General Fund in fiscal year 2027 to hire a contractor to make recommendations in accordance with subdivision (A) of this subsection (b)(3).

(4) The Joint Fiscal Office shall provide the General Assembly with considerations on or before December 15, 2026, regarding different funding mechanisms that may be used to distribute funds for education costs within the new financing formula, including grants, inclusion within the Education Opportunity Payment, and different forms of categorical aid.

Sec. 21a. 16 V.S.A. § 829 is amended to read:

§ 829. PREKINDERGARTEN EDUCATION

* * *

(d) Tuition, budgets, and average daily membership.

* * *

(5) As part of the data reporting process required pursuant to subsection 4010(c) of this title, a district of residence shall also report annually to the Agency of Education the number of hours of prekindergarten education received by each prekindergarten child for whom it has provided prekindergarten education or on whose behalf it has paid tuition pursuant to this section.

(e) Rules. The Secretary of Education and the Commissioner for Children and Families shall jointly develop and agree to rules and present them to the State Board for adoption under 3 V.S.A. chapter 25 as follows:

* * *

(10) To establish a system by which the Agency of Education ~~and~~, Department for Children and Families, and Building Bright Futures shall jointly monitor and evaluate prekindergarten education programs to promote optimal results for children that support the relevant population-level outcomes set forth in 3 V.S.A. § 2311 and to collect data that will inform future decisions. The Agency and Department shall be required to report annually to the General Assembly in January. At a minimum, the system shall monitor and evaluate:

* * *

* * * Data Collection * * *

Sec. 22. 16 V.S.A. § 4010(c) is amended to read:

(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district, for all resident students in prekindergarten through grade 12. In order to fulfill this obligation, a school district that pays public tuition on behalf of a resident student (sending district) to a public school in another school district, an approved independent school, ~~or an out-of-state school,~~ or a prequalified private prekindergarten education provider (each a receiving school) may request the receiving school to collect this information on the sending district's resident student, and if requested, the receiving school shall provide this information to the sending district in a timely manner shall require each resident student in prekindergarten through grade 12 on whose behalf the district pays tuition to complete a form or forms developed by the Agency of Education in order to obtain the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for all students residing in that district, including students that are educated by a receiving school. The form shall be included with any residency verification forms and requests for public tuition funding forms required by a school district.

* * * Special Education Funding * * *

Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS;
LEGISLATIVE INTENT

(a) Maintenance of effort. It is the intent of the General Assembly to ensure that Vermont complies with federal maintenance of effort requirements in any education funding reform. Nothing in 2025 Acts and Resolves No. 73 (Act 73), nor the implementation of Act 73, shall be construed to permit a reduction in State or local funding for special education and related services in a manner that would violate the maintenance of effort requirements of the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1485.

(b) Separate and supplemental funding structure. It is the intent of the General Assembly that the State shall maintain an education funding structure in which:

(1) general education is funded through a formula-based mechanism established by law; and

(2) special education is funded through a supplemental reimbursement, weighted student count, or grant model that reflects eligible special education costs and preserves compliance with federal maintenance of effort requirements.

(c) Protection of educational rights. It is the intent of the General Assembly that implementation of Act 73 or any future education funding reform shall not limit the right of students with disabilities to a Free Appropriate Public Education (FAPE), including access to individualized services in the least restrictive environment as required by federal and State law.

(d) Proportional effects. A school district shall not implement programmatic reductions, staffing changes, or budgetary actions that disproportionately affect students with disabilities or impair the district's ability to meet its obligations to provide FAPE.

(e) Impact analysis. School districts shall assess and document the impact of significant programming changes on students with disabilities, in accordance with guidance issued by the Agency of Education.

(f) Guidance. The Agency of Education shall issue guidance to ensure school districts implement Act 73 in a manner consistent with this section and with federal special education requirements. The Agency shall also issue guidance regarding the assessment and documentation requirements of subsection (e) of this section.

* * * Tuition * * *

Sec. 24. TUITION IN EXCESS OF FOUNDATION FORMULA;
LEGISLATIVE INTENT

It is the intent of the General Assembly that, under the foundation formula, no receiving school may charge individual families tuition in excess of the amount of tuition paid by a sending school district pursuant to 16 V.S.A. § 823.

Sec. 24a. [Deleted.]

* * * Union School District Study Committee Budgets * * *

Sec. 25. 16 V.S.A. § 707 is amended to read:

§ 707. APPROVAL OF STUDY BUDGET; APPOINTMENT OF STUDY
COMMITTEE; PARTICIPATION

(a) Proposed budget exceeding ~~\$50,000.00~~ \$500,000.00.

(1) If the proposed budget established in section 706 of this chapter exceeds ~~\$50,000.00~~ \$500,000.00, then subject to the provisions of that section the board of each potentially participating school district shall warn the district's voters to meet at an annual or special school district meeting to vote whether to appropriate funds necessary to support the district's financial share of a study committee's costs. The meeting in each school district shall be warned for the same date. The warning in each school district shall contain an identical article in substantially the following form:

"Shall the school district of _____ appropriate funds necessary to support the school district's financial share of a study to determine the advisability of forming a union school district with some or all of the following school districts:
_____,
_____, and
_____? It is estimated that the _____ school district's share, if all of the identified school districts vote to participate, will be \$ _____. The total proposed budget, to be shared by all participating school districts is \$ _____."

(2) If the vote in subdivision (1) of this subsection is in the affirmative in two or more school districts, then the boards of the affirming school districts shall appoint a study committee consisting of the number of persons determined pursuant to section 706 (proposed study committee budget and membership) of this chapter. At least one current board member from each participating school district shall be appointed to the study committee. The board of a school district appointing more than one person to the study committee may appoint residents of the school district who are not members of the board to any of the remaining seats.

(3) The sums expended for study purposes under this section shall be considered part of the approved cost of any project in which the union school district, if created, participates pursuant to chapter 123 of this title.

(b) Proposed budget not exceeding ~~\$50,000.00~~ \$500,000.00.

(1) If the proposed budget established in section 706 of this chapter does not exceed ~~\$50,000.00~~ \$500,000.00, then the boards of the participating school districts shall appoint a study committee consisting of the number of persons determined under that section. At least one current board member from each participating school district shall be appointed to the study committee. The board of a school district appointing more than one person to the study

committee may appoint residents of the school district who are not members of the board to any of the remaining seats.

(2) The sums expended for study purposes under this section shall be considered part of the approved cost of any project in which the union school district, if created, participates pursuant to chapter 123 of this title.

(c) Additional costs.

(1) If the voters approve a budget that exceeds ~~\$50,000.00~~ \$500,000.00 but the study committee later determines that its budget is likely to exceed the projected, voter-approved amount, then the boards of all participating school districts shall obtain voter approval for the amounts exceeding the previously approved budget in the manner set forth in subdivision (a)(1) of this section before the study committee obligates or expends sums in excess of the initial voter-approved amount.

(2) If a proposed budget does not exceed ~~\$50,000.00~~ \$500,000.00 at the time the school boards appoint members to the study committee, but the study committee later determines that its total budget is likely to exceed ~~\$50,000.00~~ \$500,000.00, then the boards of all participating school districts shall obtain voter approval for the amounts exceeding ~~\$50,000.00~~ \$500,000.00 in the manner set forth in subdivision (a)(1) of this section before the study committee obligates or expends funds in excess of ~~\$50,000.00~~ \$500,000.00.

(d) Grants. Costs to be paid by State, federal, or private grants shall not be included when calculating whether a study committee's budget or proposed budget exceeds ~~\$50,000.00~~ \$500,000.00.

* * *

* * * Rulemaking, Forms, and Reports * * *

Sec. 26. SMALL AND SPARSE SCHOOLS; STATE BOARD OF
EDUCATION; EDUCATION QUALITY STANDARDS;
RULEMAKING

The State Board of Education shall, unless extended by the Legislative Committee on Administrative Rules, adopt updates to Agency of Education, State Board Rule 2000 Education Quality Standards (CVR 22-000-003) to establish criteria for identifying schools as small by necessity or sparse by necessity, or both, pursuant to 3 V.S.A. § 843 on or before March 31, 2027. Such rules shall be consistent with the work of the Small and Sparse School Committee of the State Board of Education and the recommendations of the Committee dated December 17, 2025.

Sec. 27. INTRADISTRICT BUDGETING; AGENCY OF EDUCATION;
DISTRICT QUALITY STANDARDS; RULEMAKING

The Agency of Education shall, unless extended by the Legislative Committee on Administrative Rules, adopt updates to the district quality standards contained in Agency of Education, District Quality Standards (CVR 22-000-039) to establish criteria for intradistrict budgeting under the foundation formula, pursuant to 3 V.S.A. § 843 on or before December 31, 2028. The criteria shall provide guidelines for intradistrict budgeting that ensure resources are allocated across schools within each district in a way that supports the State's goal that all Vermont children will be afforded opportunities and excellent education that are substantially equal in quality and enable them to achieve or exceed the education quality standards approved by the State Board of Education.

Sec. 27a. 2024 Acts and Resolves No. 183, Sec. 7 is amended to read:

Sec. 7. RESERVE FUND ACCOUNT STANDARDS; DISTRICT
QUALITY STANDARDS; RULEMAKING

On or before ~~January 1, 2025~~ March 31, 2027, the Agency of Education, in collaboration with the Vermont Association of School Business Officials, the Vermont Superintendents Association, and the Vermont School Boards Association, shall initiate complete rulemaking pursuant to 3 V.S.A. chapter 25 to update the District Quality Standards rules contained in Agency of Education, District Quality Standards (CVR 23-020), to include recommended reserve fund account standards. ~~Prior to initiating rulemaking, the Agency shall consult with local school officials.~~ The Agency shall specifically adopt rules to:

(1) prescribe minimum and maximum balance levels for a reserve fund, taking into consideration revenue predictability and expenditure volatility, exposure to significant one-time expenses, and impact on credit ratings;

(2) specify acceptable conditions that warrant use of the reserve fund and the period within which funds may be used;

(3) establish best practices for replenishing a depleted reserve fund, including the period over which the reserve fund should be replenished;

(4) define appropriate accounting terms to facilitate data consistency and improve data quality across the State; and

(5) identify conditions that may justify deviation from any broadly applicable standards adopted pursuant to this section.

Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

On or before December 1, 2026, the Agency of Education shall submit a written report to the House Committees on Education, on Transportation, and on Ways and Means and the Senate Committees on Education, on Transportation, and on Finance regarding school transportation. School districts shall comply with requests from the Agency to assist data collections necessary to complete the reporting requirements in this section.

(1) The report shall include information on the following:

(A) the current landscape of education transportation for each school district, including:

(i) the grades operated by the school district;

(ii) the grades for which the school district provides transportation;

(iii) whether the vehicles used to provide students with transportation are owned or leased by the school district;

(iv) whether the school district relies on public transportation to provide education transportation to its resident students and, if so, associated costs borne by all parties;

(v) the method by which resident students arrive to and leave from each school a resident student attends, regardless of whether it is a school operated by the school district or a receiving school not operated by the school district, such as whether students rely on school-district-provided transportation, receiving-school-provided transportation, or transportation provided or arranged by a resident family, as well as whether there is any district reimbursement to resident families for privately incurred expenses related to student transportation; and

(vi) bus driver pay and benefits; and

(B) the aggregate cost of the current education transportation system, on a per-school-district basis, including:

(i) the total transportation grant award from the State;

(ii) the total local funds spent on transportation;

(iii) per-mile expenditures for transportation to and from career technical education programming;

(iv) transportation costs associated with the requirements of the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11431–11435;

(v) transportation costs associated with extraordinary special education expenditures; and

(vi) transportation costs associated with individualized education programs.

(2) The report shall also include recommendations regarding:

(A) the geographic radius around a school within which a school district shall not be required to provide transportation, for both urban and rural schools;

(B) definitions for the terms “distant students” and “safe walking routes”;

(C) how regionalized transportation services may work under a cooperative educational service area (CESA) model, including with a CESA serving as the fiscal agent for contracts, as well as information regarding the availability of transportation vendors in the CESA regions created in this act;

(D) how cocurricular and afterschool travel could be included in a district’s transportation services and what consistent standards should be proposed for such services statewide;

(E) whether a weighted sparsity categorical grant or a per-mile reimbursement model would be more beneficial to districts or CESAs under a foundation formula, and what the approximate difference in cost would be as compared to the current funding system;

(F) legislative updates to 16 V.S.A. § 4016 (reimbursement for transportation expenditures) and any related rules; and

(G) how to ensure a student who attends a career technical education (CTE) center other than the student’s assigned regional CTE center, due to enrollment constraints, program availability, or some other barrier, has access to transportation to the same extent as students attending an assigned CTE center as provided pursuant to 16 V.S.A. § 1541a(a)(2), and the costs associated with any such recommendations.

Sec. 27c. STUDENT PROFILE FORM

On or before September 1, 2026, the Agency of Education, in consultation with school business officials, shall develop a student profile form to be used by school districts to collect the information necessary in order for the Agency to compute the weighting categories under 16 V.S.A. § 4010(b) for students in prekindergarten through grade 12 on whose behalf a school district pays tuition. The student profile form shall be fully accessible to all Vermont families both in paper form and electronically.

Sec. 27d. LENGTH OF SCHOOL DAY; RULEMAKING

The State Board of Education shall, unless extended by the Legislative Committee on Administrative Rules, adopt updates to Agency of Education, 2300 Length of School Day and Year—Specific Program Requirements for Public Schools (CVR 22-000-005) to update the criteria for the length of a school day for each grade, prekindergarten through grade 12, consistent with the definition of school day contained in 16 V.S.A. § 11(41), pursuant to 3 V.S.A. § 843 on or before March 31, 2027.

* * * Small and Sparse Schools * * *

Sec. 28. REPEAL

2025 Acts and Resolves No. 73, Sec. 37 (16 V.S.A. § 4019) is repealed.

Sec. 29. 16 V.S.A. § 4019 is added to read:

§ 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

(a) Definitions. As used in this section:

(1) “Average grade size” means the quotient resulting from dividing a school’s two-year average enrollment by the number of grades above prekindergarten operated by the school, rounded downward.

(2) “Enrollment” means the number of students in kindergarten through grade 12 who are enrolled in a school operated by the school district on October 1. A student shall be counted as one whether the student is enrolled as a full-time or part-time student.

(3) “Small school” means a public school that:

(A) has an average grade size of fewer than 12 students; and

(B) has been determined by the Agency of Education, on an annual basis, to be “small by necessity” under standards consistent with State Board of Education rule.

(4) “Sparse area” means a city, town, or incorporated village where the number of persons per square mile residing within the land area of the geographic boundaries of the city, town, or incorporated village as of July 1 of the year of determination is fewer than 55 persons.

(5) “Sparse school” means a public school that:

(A) is within a sparse area; and

(B) has been determined by the Agency of Education, on an annual basis, to be “sparse by necessity” under standards consistent with State Board of Education rule.

(6) “Two-year average enrollment” means the average enrollment of the two most recently completed school years.

(b) Small schools support grant. Annually, the Secretary shall pay a small schools support grant to each school district for each small school operated by the school district in an amount determined by multiplying the two-year average enrollment in the small school by \$3,157.00.

(c) Sparse schools support grant. Annually, the Secretary shall pay a sparse schools support grant to each school district for each sparse school operated by the school district in an amount determined by multiplying the two-year average enrollment in the sparse school by \$1,954.00.

(d) Inflationary adjustment. Each dollar amount under subsections (b) and (c) of this section shall be adjusted for inflation annually on or before November 15 by the Secretary. As used in this subsection, “adjusted for inflation” means adjusting the dollar amount by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through the fiscal year for which the amount is being determined, and rounding upward to the nearest whole dollar amount.

* * * Class Size Minimums * * *

Sec. 29a. 2025 Acts and Resolves No. 73, Sec. 7 is amended to read:

Sec. 7. FAILURE TO COMPLY WITH EDUCATION QUALITY STANDARDS; STATE BOARD ACTION

(a) Notwithstanding 16 V.S.A. § 165(b)(4) and (5) and any other provision of law to the contrary, the State Board shall be prohibited from ordering school district consolidation or school consolidation if a school fails to comply with class size minimum education quality standards and the resulting consolidation would result in school construction costs in excess of the applicable district’s capital reserve account until the General Assembly establishes new school district boundaries and takes further action regarding the consequences for failure to meet education quality standards.

(b)(1) Notwithstanding 16 V.S.A. § 165(a)(9)(C) and (b), a public school’s failure to comply with the class size minimum requirements contained in 16 V.S.A. § 165(a)(9) shall not count towards the three consecutive school years of noncompliance that enables the Secretary to recommend action to the State Board until the foundation formula is in effect and all contingencies, to the extent that there are any contingencies, contained in Sec. 70(f) of this act,

as amended, that are required for the foundation formula to become effective have been met.

(2) The State Board of Education is required, pursuant to Sec. 8(a)(2) of this act, to update the rules governing approval of independent schools to create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance. The Board is required to provide an approved independent school a substantially similar opportunity to come into compliance with class size minimums that it would provide to a public school. Failure of an approved independent school that is eligible to receive public tuition pursuant to 16 V.S.A. § 828 to comply with the minimum class size requirements contained in 16 V.S.A. § 165(a)(9)(A) shall not count towards any period of noncompliance, as determined by State Board rule, that may allow the State Board to take action against the school until the foundation formula is in effect and all contingencies, to the extent that there are any contingencies, contained in Sec. 70(f) of this act, as amended, that are required for the foundation formula to become effective have been met. An approved independent school that fails to comply with class size minimums shall remain eligible to receive public tuition prior to the foundation formula taking effect if it continues to meet all other requirements contained in 16 V.S.A. § 828.

Sec. 29b. 16 V.S.A. § 828 is amended to read:

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

(a) A school district shall not pay the tuition of a student except to:

- (1) a public school located in Vermont;
- (2) an approved independent school that:

* * *

(E) complies with the minimum class size requirements contained in subdivision ~~165(a)(9)~~ 165(a)(9)(A) of this title and State Board rule; provided, however, that if a school is unable to comply with the class size minimum standards due to geographic isolation or a school has developed an implementation plan to meet the class size minimum requirements, the school may ask the State Board to grant it a waiver from this subdivision (E), which decision shall be final;

* * *

* * * Regional Assessment Districts * * *

Sec. 30. 32 V.S.A. chapter 121, subchapter 1A is added to read:

Subchapter 1A. Regional Assessment Districts

§ 3415. LEGISLATIVE INTENT

It is the intent of the General Assembly in adopting this subchapter to create regional assessment districts so that:

- (1) properties on grand lists are regularly reappraised;
- (2) property data collection is consistent and standardized across the State; and
- (3) property valuation is conducted by trained and certified individuals and firms.

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

(a) Member municipalities of a regional assessment district shall fully reappraise their grand lists every six years pursuant to subsection 3417(b) of this subchapter. Member municipalities may contract jointly with one or more third parties to conduct the reappraisals.

(b) For the first full reappraisal conducted simultaneously by member municipalities as part of a regional assessment district, each municipality may, at its discretion, conduct a reappraisal jointly with one or more other member municipalities. For all subsequent simultaneous full reappraisals by member municipalities as part of a regional assessment district, as determined pursuant to subsection 3417(c) of this subchapter, a municipality shall conduct a reappraisal jointly with one or more other member municipalities.

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

(a) The Director of Property Valuation and Review shall establish standard guidelines and procedures, and may adopt rules, for regional assessment districts, including:

- (1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;
- (2) standards for the collection and recordation of parcel data;
- (3) requirements relating to information technology, including standards for data software contracts and computer-assisted mass appraisal systems; and
- (4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.

(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal

schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities. If a municipality or a regional assessment district fails to reappraise on the schedule established by the Director under this subsection, the State may withhold funds from the municipality until the Director certifies that the municipality or regional assessment district has complied with this subsection.

(c) The Director shall determine when the first simultaneous full reappraisal has been completed by the member municipalities of each regional assessment district.

§ 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD;
ESTABLISHMENT

(a) There are hereby established regional assessment district appeals boards for each regional assessment district established pursuant to section 3416 of this subchapter. A board shall hear appeals of valuations within its regional assessment district. The Division of Property Valuation and Review shall provide training and technical assistance to the board. Other staffing and funding for a board shall be provided by its member municipalities.

(b) All municipalities within the jurisdiction of a board shall be considered municipal members of the board. A board shall contain at least one representative appointed from each member municipality and representatives shall be appointed for a term of three years by the legislative body of such municipality. A municipality may appoint one board member per 1,000 parcels in the municipality, rounded up to the nearest 1,000 parcels. All board members may be compensated and reimbursed by their respective municipalities for necessary and reasonable expenses.

(c) A board shall elect an executive board of five board members to facilitate meetings and oversee operations. The executive board shall have a chair, a vice chair, a secretary, and any other position deemed necessary by a majority vote of the executive board.

§ 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS
BOARD

(a) Within 30 days following the date of notice, a person aggrieved by the final valuation decision of an assessing official may appeal in writing to the district's regional assessment district appeals board. An appeal of a valuation decision conducted pursuant to section 3416 of this subchapter that is erroneously made to a municipality shall be considered timely if it would have been timely if made to the regional assessment district. A municipality shall forward any such erroneously filed appeal to the board within 14 days.

(1) The board shall schedule meetings to hear and determine appeals made under this subsection not later than 30 days after the last date allowed for notice of appeal. Notice of the time and place of the hearing shall be given by posting a warning in three or more public places in each municipality in the district's jurisdiction and by mailing a copy of such warning to the legislative bodies of such municipalities and to all appellants.

(2) Hearings shall be conducted before a panel of three board members. When conducting a hearing under this subsection, the board shall issue a written determination addressing all questions and objections heard. A written determination shall only be issued if approved by a majority of those members present and voting. Unless waived by both parties, the property subject to appeal shall be inspected internally and externally by the three board panelists and an inspection report shall be issued within 30 days following the hearing on appeal and before a final determination is issued.

(A) The appellant shall be provided notice of the inspection and the appeal shall be deemed withdrawn if the appellant refuses to allow an inspection under this subdivision (2).

(B) During a declared state of emergency under 20 V.S.A. chapter 1, a board working within a municipality affected by an all-hazards event shall not be required to physically inspect any property that is the subject of an appeal. If the appellant requests in writing that the property be inspected for purposes of the appeal, the board shall conduct the inspection through electronic means. If the appellant does not facilitate the inspection through electronic means, the appeal shall be deemed withdrawn. As used in this subdivision (B), "electronic means" means the transmittal of video or photographic evidence by the appellant at the direction of the staff conducting the inspection.

(3) The board shall, within 15 days following the time of the inspection report, issue the written determination and shall file it with the clerk of the municipality in which the underlying property is located. At the same time, the board shall send a copy of the determination by certified mail to the appellant. The grand list shall be amended pursuant to the written determination.

(4) Notwithstanding any provision of law to the contrary, if the board does not substantially comply with the requirements of this subsection, and if the appeal is not withdrawn by filing written notice of withdrawal with the board, or deemed withdrawn as provided in subdivision (2) of this subsection, the grand list value of the property subject to appeal shall be set at a value that will produce a tax liability equal to the tax liability for the preceding year.

(b) Not more than two board members shall be panelists for a hearing involving a property located in the municipality for which the members are representatives.

(c) This section shall not be construed to prevent or alter the process for taxpayers to bring and resolve grievances to a municipal assessing official under section 4111 of this title.

(d) Notwithstanding subsection (a) of this section, appeals of valuations conducted by the Division of Property Valuation and Review pursuant to sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to the Commissioner or Superior Court pursuant to section 3420 of this subchapter.

§ 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

(a) A taxpayer or the legislative body of a municipality aggrieved by a written determination of a regional assessment district appeals board under section 3419 of this chapter, or a taxpayer aggrieved by a valuation and bypassed a board decision under subsection 3419(d) of this subchapter, may appeal to either the Commissioner of Taxes or the Superior Court of the county in which the property is located. The appeal to the Superior Court shall be heard without a jury. For an appeal from the board, the appeal shall be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure within 30 days after entry of the decision of the board. For an appeal that bypassed the board, the appeal may be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure within 30 days following the date of notice of a final valuation decision of an assessing official. The date of mailing of notice of the board's determination to the taxpayer shall be deemed the date of entry of the board's determination. The board shall transmit a copy of the notice to the Commissioner or the Superior Court and shall forward the notice to the applicable municipal clerk, who shall record or attach a copy of the notice in the grand list book. The entry fee for an appeal to the Commissioner is \$70.00; provided, however, that the Commissioner may waive, reduce, or refund the entry fee in cases of hardship or to join appeals regarding the same parcel. If, in the opinion of the Commissioner, an appeal under this subsection involves a complex or unique property or valuation that would be best adjudicated by the Superior Court, the Commissioner may decline to hear the appeal and shall forward the appeal to the Superior Court of the county in which the property is located, where it shall be heard. An appeal forwarded by the Commissioner under this subsection shall be considered timely filed in the Superior Court if it was timely appealed to the Commissioner.

(b) On or before the last day on which appeals may be taken from the determination of the regional assessment district appeals board, an agent designated by the legislative body of the municipality, in the name of the municipality, on written application of one or more taxpayers of the municipality whose combined grand list represents at least three percent of the grand list of the municipality for the preceding year, shall appeal to the Superior Court from any action of the regional assessment district board of appeal not involving appeals of the applying taxpayers. However, the agent designated by the legislative body shall, in any event, have at least six business days after receipt of such taxpayers' application for appeal in which to take the appeal, and the date for the taking of such appeal shall accordingly be extended, if necessary, until the six business days shall have elapsed. The \$70.00 entry fee shall be paid by the applicants with respect to each individual property thus being appealed that is separately listed in the grand list. Fees collected under subsection (a) of this section or under this subsection shall be credited to a special fund established and managed pursuant to chapter 7, subchapter 5 of this title and shall be available to the Commissioner of Taxes to offset the costs of providing those services.

(c) When a taxpayer, a legislative body of the municipality, or an agent designated by the legislative body of the municipality claims that an appeal to the Commissioner is in any manner defective or was not lawfully taken, on or before 30 days after mailing of the notice of receipt of the appeal by the Director, the taxpayer, agent, or legislative body of the municipality shall file objections in writing with the Commissioner and furnish the appellant or appellant's attorney with a copy of the objections. When the taxpayer, agent, or legislative body so requests, the Commissioner shall thereupon fix a time and place for hearing the objections and shall notify all parties thereof, by mail or otherwise. Upon hearing or otherwise, the Commissioner shall pass upon the objections and make such order in relation thereto as is required by law. The order shall be recorded or attached in the municipal clerk's office in the book wherein the appeal is recorded.

(d) On application to the Commissioner, an appellant may request leave to withdraw the appellant's appeal at any time before it is heard. When an appeal is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the municipality in which the underlying property is located, and the clerk shall record the certificate of withdrawal of the appeal. At the same time, the Commissioner shall notify the applicable regional assessment district board of appeal. The appraisal from which the appeal was taken shall then become a part of the appraisal or grand list of the taxpayer.

(e) When an appeal to the Commissioner is not withdrawn or forwarded by the Commissioner to the Superior Court pursuant to subsection (a) of this section, the Commissioner shall conduct a hearing in accordance with 3 V.S.A. chapter 25.

(f) The Commissioner or court shall proceed de novo on all appeals and determine the correct valuation of the property as promptly as practicable and determine a homestead and a housesite value if a homestead has been declared with respect to the property for the year in which the appeal is taken. The Commissioner or court shall take into account the requirements of law as to valuation and the provisions of Chapter I, Article 9 of the Vermont Constitution and the 14th Amendment to the U.S. Constitution.

(1) If the Commissioner or court finds that the listed value of the property subject to appeal does not correspond to the listed value of comparable properties within the municipality, the Commissioner or court shall set the property in the list at a corresponding value. The findings and determinations of the Commissioner shall be made in writing and shall be available to the appellant.

(2) If the appeal is taken to the Commissioner, the Commissioner may order an inspection of the property prior to making a determination. If one of the parties requests an inspection, the Commissioner shall order an inspection of the property prior to making a determination. Within 10 days following the appeal being filed with the Commissioner, the Commissioner shall notify the property owner in writing of the Commissioner's option to request an inspection under this section.

(3) During a declared state of emergency under 20 V.S.A. chapter 1, the Commissioner shall not be required to have any property subject to appeal be physically inspected. If the appellant requests in writing that the property be inspected for purposes of the appeal, the Commissioner shall conduct the inspection through electronic means. If the appellant does not facilitate the inspection through electronic means, then the appeal shall be deemed withdrawn. As used in this subdivision, "electronic means" means the transmittal of video or photographic evidence by the appellant at the direction of the person conducting the inspection.

(g) The Commissioner or clerk of the court shall forward by certified mail one copy of the determination to the taxpayer, one copy to the applicable regional assessment district board of appeal, and one copy to the town clerk, who shall record the same in the book in which the appeal was recorded under subsection (a) of this section. The appraisal so fixed by the Commissioner or court shall become the basis for the grand list of the taxpayer for the year in

which the appeal is taken and, if the appraisal relates to real property, for the next two ensuing years, except that if the real property is enrolled in the use value appraisal program under chapter 124 of this title, the value of enrolled land, prior to its being equalized, shall be the per-acre value set annually by the Current Use Advisory Board multiplied by the number of acres enrolled. The appraisal, however, may be changed in the ensuing two years if the taxpayer's property is materially altered, changed, or damaged or if the regional assessment district of the municipality in which the property is located has undergone a full reappraisal.

Sec. 31. 32 V.S.A. § 4041a is amended to read:

§ 4041a. REAPPRAISAL

* * *

~~(b) If the Director of Property Valuation and Review determines that a municipality's education grand list has a coefficient of dispersion greater than 20 or that a municipality has not timely reappraised pursuant to subsection (d) of this section, the municipality shall reappraise its education grand list properties. If the Director orders a reappraisal, the Director shall send the municipality written notice of the decision. The municipality shall be given 30 days to contest the finding under procedural rules adopted by the Director or to develop a compliance plan, or both. If the Director accepts a proposed compliance plan submitted by the municipality, the Director shall not order commencement of the reappraisal until the municipality has had one year to carry out that plan. [Repealed.]~~

~~(c) If a municipality fails to submit an acceptable plan or fails to carry out the plan, pursuant to subsection (b) of this section, the State shall withhold the education, transportation, and other funds from the municipality until the Director certifies that the town has carried out that plan. [Repealed.]~~

~~(d) Each municipality shall commence a full reappraisal not later than six years after the commencement of the municipality's most recent full reappraisal unless a longer period of time is approved by the Director. [Repealed.]~~

~~(e) The Director shall adopt rules necessary for administration of this section. [Repealed.]~~

Sec. 32. 32 V.S.A. § 5405 is amended to read:

§ 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY
TAX GRAND LIST AND COEFFICIENT OF DISPERSION

(a)(1) Annually, on or before April 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized education property tax grand list of a municipality that establishes a tax increment financing district shall include the fair market value of the property in the district and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.

(2) All municipalities within a regional assessment district shall be treated as a single entity for purposes of the equalization process under this section, provided at least one simultaneous full reappraisal has been completed by the member municipalities of the regional assessment district as determined by the Director under subsection 3417(c) of this title.

* * *

Sec. 33. 32 V.S.A. § 3602c is added to read:

§ 3602c. VALUATIONS; PUBLIC UTILITIES

(a) On or before May 1 of each year, the Division of Property Valuation and Review of the Department of Taxes shall furnish the listers in each town or city with the valuation of all taxable property of any public utility situated therein as reported by such utility to the Division.

(b) Each public utility shall furnish to the Division on or before March 31 of each year a sworn inventory of all its taxable property in such form as will show the valuation of its property in each town, city, or other municipality.

(c) The Division shall prescribe the form of such report and the officer or officers who shall make oath thereto.

(d) The valuations furnished under this section shall be considered along with any other information as may reasonably be required by listers in determining and fixing the valuations of property for the purposes of property taxation. The Division may require that each municipality use certain valuations furnished under this section. The valuations provided by the Division for property used for the transmission and distribution of electricity shall be used by the listers as the valuations of that property for purposes of property taxation.

Sec. 34. REPEALS

(a) 2025 Acts and Resolves No. 73, Secs. 62 (regional assessment districts) and 63 (transition provisions) are repealed.

(b) 32 V.S.A. chapter 131 (appeals) is repealed.

Sec. 35. 32 V.S.A. § 4041a is amended to read:

§ 4041a. REAPPRAISAL

(a)(1) A municipality shall be paid \$8.50 per grand list parcel per year from the General Fund to be used only for reappraisal and costs related to reappraisal of its grand list properties and for maintenance of the grand list.

(2) During the year in which a municipality is scheduled to fully reappraise pursuant to subsection 3417(b) of this title, a municipality may notify the Commissioner in writing that it is prepared to commence the full appraisal. Within 30 days, the Commissioner shall estimate the cost of the municipality's full reappraisal and transfer to the municipality the lesser of two-thirds of the estimated cost or \$66.00 per grand list parcel in the municipality.

* * *

* * * Tax Sales * * *

Sec. 36. 32 V.S.A. § 5252(b) is amended to read:

(b)(1) If the warrant and levy for delinquent taxes has been recorded pursuant to subsection (a) of this section, the municipality in which the real estate lies may secure the property against illegal activity and potential fire hazards after giving the mortgagee or lien holder of record written notice at least 10 days prior to such action.

* * *

(3) Notwithstanding subsection (a) of this section, the collector of taxes may extend a warrant on land pursuant to subsection (a) of this section when an amount less than \$1,500.00 is owed, provided the parcel has no dwelling capable of habitation on a year-round basis or the parcel was not declared as part of a homestead pursuant to section 5410 of this title.

* * * Conforming Changes; Repeal of 32 V.S.A. Chapter 131 * * *

Sec. 37. 24 V.S.A. § 3616(d) is amended to read:

(d) Where one of the bases of a rent, rate, or charge is the appraised value and the premises to be appraised are tax exempt, the board may cause the listers to appraise the property, including State property, for the purpose of

determining the rates, rents, or charges. The right of appeal from the appraisal shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The Commissioner of Finance and Management is authorized to issue warrants for rates, rents, or charges against State property and transmit to the State Treasurer who shall draw a voucher in payment of the rates, rents, or charges. No charge so established and no tax levied under the provisions of section 3615 of this title shall be considered to be a part of any tax authorized to be assessed by the legislative body of any municipality for general purposes but shall be in addition to any such tax so authorized to be assessed.

Sec. 38. 24 App. V.S.A. ch. 3, § 92 is amended to read:

§ 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR HEARINGS; MANNER OF CONDUCTING; ~~POSSIBLE BOARD OF CIVIL AUTHORITY REVIEW~~

(a) The Board of Tax Appeals shall meet, hear, and determine all appeals in the manner set forth in this section, notwithstanding 32 V.S.A. § 4404 ~~3419~~. All such appeals shall be heard and determined ~~no~~ not later than December 31 of that year. Hearings and inspections of the property shall be conducted by the entire panel as described in this section.

(b)(1) The City Assessor shall have the right to request and the Board shall have the right to issue a subpoena for all records of the taxpayer that are material to a determination of the appeal.

(2) Such records shall be regarded as confidential, shall not be further distributed, and shall be utilized only for the purpose of deciding the appeal; provided that no subpoena shall issue unless and until a taxpayer has appealed to the Board of Tax Appeals.

(3) If the taxpayer fails to provide requested records in response to a subpoena properly issued hereunder or refuses to allow an inspection of ~~his or her~~ the taxpayer's property, the appeal shall be deemed withdrawn or dismissed and no further appeal shall be available to such taxpayer.

(c) The Board shall hear and decide appeals by three member hearing panels, the membership of such panels to be rotated on a periodic basis. All three members must be present and voting, and at least two of the three members of the hearing panel must join in the decision in order for it to be valid.

(d) Either a taxpayer or the City Assessor aggrieved by the decision of the Board of Tax Appeals may file an appeal of a decision of the Board of Tax Appeals directly with the ~~Director of the Division of Property Valuation and Review of the Vermont Department~~ Commissioner of Taxes or the Superior

Court pursuant to 32 V.S.A. § ~~4461~~ 3420 within 30 days of after the mailing of the Board of Tax Appeals' decision to the taxpayer.

(e) The decision of the Board of Tax Appeals, if not further appealed, shall become the basis for the grand list of the taxpayer for the year in question plus the next two years unless new information of a material nature about the property is discovered, the property is materially changed, or the City undertakes a rolling or complete reevaluation of real estate that includes the property in question.

Sec. 39. 24 App. V.S.A. ch. 3, § 330 is amended to read:

§ 330. BOARD OF TAX APPEALS

A Board of Tax Appeals, constituted in the manner set forth in section 91 of this charter, is created. The Board shall have the same duties and proceed in the same manner to hear and determine tax appeals as a ~~board of civil authority under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals board under 32 V.S.A. § 3419 except as otherwise provided in this charter. Appeals from decisions of the Board of Tax Appeals ~~or from the Board of Civil Authority as referenced in section 92 of this charter~~ shall be controlled by ~~32 V.S.A. chapter 131, subchapter 2~~ chapter 121, subchapter 1A, except that the City Assessor may appeal subject to the approval of the City Board of Finance. The Board shall organize each year by the election of a Chair, Vice-Chair, and Clerk. The manner of removal of Board members and filling of vacancies shall be as provided in sections 129 and 130 of this charter and the Board members shall, except as otherwise herein expressly provided, be subject to all other provisions of this charter relating to public officers.

Sec. 40. 24 App. V.S.A. ch. 103, § 510(d) is amended to read:

(d) In the case of any property used for both residential and nonresidential purposes within the District as of April 1, the Board of Listers (Board) shall adjust the listed value for the purposes of determining the District tax under this section to exclude the value of that portion of the property used for residential purposes. The Board shall determine the adjusted grand list value of the business portion of the property and give notice of the same as provided under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance with the Board and appeal the decision of the Board as provided for under 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the determination of the Board and pendency of the appeal shall not vacate the lien on the property assessed, and the District taxes must be paid and continue to be paid as they become due.

Sec. 41. 24 App. V.S.A. ch. 151, § 507(d) is amended to read:

(d) In the case of any property used for both residential and nonresidential purposes within the District as of April 1, the Department of Assessment shall adjust the listed value for the purposes of determining the District tax under this section to exclude the value of that portion of the property used for residential purposes. The Department of Assessment shall determine the adjusted grand list value of the business portion of the property and give notice of the same as provided under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance with the Board and appeal the decision of the Board as provided for under 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the determination of the Board and pendency of the appeal shall not vacate the lien on the property assessed, and the District taxes must be paid and continue to be paid as they become due.

Sec. 42. 24 App. V.S.A. ch. 151, § 707 is amended to read:

§ 707. APPEALS

A person aggrieved by the final decision of the Department of Assessment under the provisions of section 706 of this charter may appeal in writing under the provisions of 32 V.S.A. ~~chapter 131~~ § 3419.

Sec. 43. 32 V.S.A. § 3613 is amended to read:

§ 3613. APPEAL

The State of Vermont shall have the same right to appeal from the appraisal of the listers and assessors and from the decision of the ~~Board of Civil Authority~~ regional assessment district appeals board as is given to any interested individual as provided by ~~chapter 131~~ section 3419 of this title.

Sec. 44. 32 V.S.A. § 3757(c) is amended to read:

(c) For the purposes of the land use change tax, the determination of the fair market value of the land shall be made by the local assessing officials in accordance with the provisions of subsection (b) of this section and divided by the municipality's most recent common level of appraisal as determined by the Director. The determination shall be made within 30 days after the Director notifies the local assessing officials of the date that the owner has petitioned for withdrawal from use value appraisal or that the Director or local assessing official has determined that development has occurred. The local assessing officials shall notify the Director and the owner of their determination, and the provisions for appeal relating to property tax assessments in ~~chapter 131~~ 121, subchapter 1A of this title shall apply.

Sec. 45. 32 V.S.A. § 3758(d) is amended to read:

(d) Any owner who is aggrieved by a decision of the Department of Forests, Parks and Recreation concerning the filing of an adverse inspection report, a denial of approval of a management plan, or a certification to the Director with respect to land for which a wastewater permit is issued may appeal to the Commissioner of Forests, Parks and Recreation within 60 days of following the filing of the adverse inspection report, the decision to deny approval, or the certification to the Director. An appeal of this decision of the Commissioner may be taken to the Superior Court in the same manner and under the same procedures as an appeal from a decision of a ~~Board of Civil Authority~~ regional assessment district appeals board, as set forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

Sec. 46. 32 V.S.A. § 3760(a)(2) is amended to read:

(2) The Director of Property Valuation and Review shall determine the amount of the available funds under this section to be paid to each municipality, and a municipality may appeal the Director's decision in the same manner and under the same procedures as an appeal from a decision of a ~~Board of Civil Authority~~ regional assessment district appeals board, as set forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

Sec. 47. 32 V.S.A. § 3846(d) is amended to read:

(d) Whenever the assessing officials deny in whole or in part any application for classification as farmland or ~~forest land~~ forestland or grant a different classification than that applied for, or fix an erroneous use value appraisal for eligible land, the aggrieved owner may appeal the decision in accordance with the provisions set forth in ~~chapter 131~~ section 3419 of this title. The appeal shall be heard in the same manner and under the same procedures as other appeals relating to real property appraisals and taxation.

Sec. 48. 32 V.S.A. § 4006 is amended to read:

§ 4006. FAILURE TO RETURN INVENTORY

Failure of a taxpayer to make and return a signed, sworn to, or affirmed inventory within 45 days after the mailing of such inventory by the town listers or assessors shall bar the taxpayer from any statutory appeal under this chapter or ~~chapter 131~~ 121, subchapter 1A of this title, unless such failure is due to factors beyond the taxpayer's control. In addition, a taxpayer who fails to submit an inventory within the time and in the form prescribed may be fined not more than \$100.00 for each violation.

Sec. 49. 32 V.S.A. § 5136(b) is amended to read:

(b) Whenever a municipality votes to collect interest on overdue taxes pursuant to this section, interest in like amount shall be paid by the municipality to any person making any overpayment of taxes occurring as a result of a redetermination of the grand list of the taxpayer on appeal provided by chapter ~~131~~ 121, subchapter 1A of this title.

Sec. 50. 32 V.S.A. § 5409(3)(B) is amended to read:

(B) Persons aggrieved by decisions of the listers or assessors may appeal in the manner provided for property tax appeals in chapter ~~131~~ 121, subchapter 1A of this title, and the Commissioner of Taxes shall have all the powers described in chapter 133 of this title.

Sec. 51. 32 V.S.A. § 5410(j) is amended to read:

(j) A taxpayer may appeal a determination of domicile for purposes of a homestead declaration or an assessment of fraud penalty under this section to the Commissioner in the same manner as an appeal under chapter 151 of this title. A taxpayer may appeal an assessment of any other penalty under this section to the listers within 14 days after the date of mailing of notice of the penalty, and from the listers to the ~~board of civil authority~~ regional assessment district appeals board, and thereafter to the courts or Commissioner, in the same manner as an appraisal appeal under chapter ~~131~~ 121, subchapter 1A of this title. The legislative body of a municipality shall have authority in cases of hardship to abate all or any portion of a penalty appealable to the listers under this section and any tax, penalty, and interest arising out of a corrected property classification under this section, and shall state in detail in writing the reasons for its grant or denial of the requested abatement. The legislative body may delegate this abatement authority to the board of civil authority or the board of abatement for the municipality. Requests for abatement shall be made to the municipal treasurer or other person designated to collect current taxes, and that person shall forward all requests, with that person's recommendation, to the body authorized to grant or deny abatement.

Sec. 52. 32 V.S.A. § 5412 is amended to read:

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF
EDUCATION TAX LIABILITY

(a)(1) If a listed value is reduced as the result of an appeal or court action made pursuant to section ~~4461~~ 3420 of this title, a municipality may submit a request for the Director of Property Valuation and Review to recalculate its education property tax liability for the education grand list value lost due to a determination, declaratory judgment, or settlement. The Director shall

recalculate the municipality's education property tax liability for each year at issue, in accord with the reduced valuation, provided that:

(A) The reduction in valuation is the result of an appeal under chapter ~~131~~ 121, subchapter 1A of this title to the ~~Director of Property Valuation and Review~~ Commissioner or to a court, with no further appeal available with regard to that valuation, or any judicial decision with no further right of appeal, or a settlement of either an appeal or court action if the Director determines that the settlement value is the fair market value of the parcel. The Director may waive the requirement of continuing an appeal or court action until there is no further right of appeal if the Director concludes that the value determined by an adjudicated decision is a reasonable representation of the fair market value of the parcel.

(B) The municipality submits the request on or before January 15 for a request involving an appeal or court action resolved within the previous calendar year.

(C) [Repealed.]

(D) The Director determines that the municipality's actions were consistent with best practices published by the Property Valuation and Review in consultation with the Vermont Assessors and Listers Association. The municipality shall have the burden of showing that its actions were consistent with the Director's best practices.

(2) A determination of the Director made under subdivision (1) of this subsection may be appealed within 30 days by an aggrieved municipality to the Commissioner for a hearing to be held in accordance with 3 V.S.A. §§ 809–813. The Commissioner's determination may be further appealed to Superior Court, which shall review the Commissioner's determination using the record that was before the Commissioner. The Commissioner's determination may only be overturned for abuse of discretion.

(3) Upon the Director's request, a municipality submitting a request under subdivision (1) of this subsection shall include a copy of the agreement, determination, or final order, and any other documentation necessary to show the existence of these conditions.

(b) To the extent that the municipality has paid that liability, the Director shall allow a credit for any reduction in education tax liability against the next ensuing year's education tax liability.

(c) If a listed value is increased as the result of an appeal under chapter ~~131~~ 121, subchapter 1A of this title or court action, whether adjudicated or settled, and the Director determines that the settlement value is the fair market value of

the parcel with no further appeal available with regard to that valuation, the Director shall recalculate the municipality's education property tax for each year at issue, in accord with the increased valuation, and shall assess the municipality for the additional tax at the same time the Director assesses the municipality's education tax liability for the next ensuing year, unless the resulting assessment would be less than \$300.00. Payment under this section shall be due with the municipality's education tax liability for the next ensuing year.

* * *

* * * Regional Assessment District Transition * * *

Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

On or before every January 15 from January 15, 2028, to January 15, 2031, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of regional assessment districts pursuant to this act.

Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

(a) The Commissioner of Taxes shall identify and submit proposed geographic boundaries for regional assessment districts that are aligned with school district boundaries and have a minimum of 10,000 parcels to the House Committees on Government Operations and Military Affairs and on Ways and Means and to the Senate Committees on Finance and on Government Operations.

(b) Notwithstanding subsection (a) of this section, the Commissioner may, at the Commissioner's discretion, identify a regional assessment district boundary that includes more than one school district or identify more than one regional assessment district boundary within one school district.

(c) It is the intent of the General Assembly to enact regional assessment district boundaries based on the Commissioner's geographic boundaries proposed under this section.

Sec. 55. [Deleted.]

* * * Valuation of Certain Property in a Limited Equity Cooperative * * *

Sec. 56. [Deleted.]

Sec. 57. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

* * *

(10) A separate column listing the number of dwelling units, as defined pursuant to subdivision 4152a(c)(2) of this title.

* * *

Sec. 58. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) Establishment. Each parcel of real estate shall be classified as one or more of the classifications listed under subsection (b) of this section and based on information and guidance provided by the Commissioner of Taxes under this section and rules adopted pursuant section 5410 of this title.

(b) Classifications. A parcel shall be assigned one or more of the following general classes:

- (1) homestead;
- (2) nonhomestead nonresidential; and
- (3) nonhomestead residential.

(c) Definitions. As used in this section:

(1) “Commissioner” means the Commissioner of Taxes.

(2) “Dwelling unit” means a building or part of a building, including a single-family home, a unit within a multifamily building, an apartment, a condominium, or other similar property or structure containing a separate means of ingress and egress that:

(A) is designed or intended to be used for occupancy by one or more persons in a household, including providing living facilities for sleeping, cooking, and sanitary needs; and

(B) is fit for year-round habitation as determined by the Commissioner.

(3) “Homestead” has the same meaning as in subdivision 5401(7) of this title and means a parcel, or portion of a parcel, declared as a homestead on or before October 15 in accordance with section 5410 of this title for the current year.

(4)(A) “Long-term rental” means:

(i) a dwelling unit for which rent is paid for the right of occupancy for periods of at least 30 days;

(ii) a dwelling unit with combined rental periods in the current calendar year that total at least six calendar months, which need not be consecutive; and

(iii) the Commissioner determines there is a bona fide landlord-tenant relationship between the parties. To make this determination, the Commissioner may consider whether the landlord and tenant are related parties, whether the landlord charges the tenant fair market rent, whether the landlord is an entity with a business purpose other than the avoidance of tax, and any other factor the Commissioner deems relevant.

(B) “Long-term rental” also means a dwelling unit used by an employer to house the employer’s employees for at least six calendar months, which need not be consecutive, in the current calendar year. As used in this section, “employee” means an individual who is reported by an employer for purposes of complying with Vermont unemployment compensation law pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A. § 4469a(a)(1), without regard for whether the farm employee is reported pursuant to 21 V.S.A. chapter 17.

(5) “Nonhomestead nonresidential” means a parcel, or portion of a parcel, that does not qualify as “homestead” or “nonhomestead residential” under this section.

(6) “Nonhomestead residential” means a parcel, or portion of a parcel, with a dwelling unit that is not:

(A) a homestead;

(B) rented out as a long-term rental;

(C) a mobile home, as defined under 10 V.S.A. § 6201(1), but not including other types of manufactured homes; or

(D) part of a lodging establishment licensed under 18 V.S.A. chapter 85, subchapter 2.

(d) Mixed-use parcels. A parcel with two or more portions qualifying as different classifications shall be classified proportionally as follows:

(1) Buildings shall be classified proportionally based on the percentage of finished floor space used. Improvements and structures on a nonhomestead residential parcel shall be classified as nonhomestead residential unless used for a business purpose.

(2) Underlying land, including improvements or fixtures that lack floor space, shall be classified proportionally based on the same percentage as the finished floor space of the buildings.

(3) Notwithstanding any provision of this subsection to the contrary, the entire parcel of land surrounding a homestead shall be classified as homestead in accordance with subdivision 5401(7) of this title, including any improvements or structures considered part of a homestead under subdivision 5401(7)(F) of this title.

(4) If a portion of floor space is used for more than one purpose, the use for which the floor space is most often used shall be considered the primary use and the floor space shall be dedicated to that use for purposes of tax classification, except as provided for a homestead under subdivision 5401(7) of this title.

(e) Forms. The Commissioner shall amend existing forms, and publish new forms, as needed to gather the necessary attestations and declarations required under this section.

(f) Use value appraisal. Nothing in this section shall be construed to alter the tax treatment or enrollment eligibility of property as it relates to use value appraisal under chapter 124 of this title.

Sec. 58a. RECOMMENDATIONS; TAX CLASSIFICATIONS APPEALS

On or before December 15, 2027, the Department of Taxes shall submit recommended legislative language to the House Committee on Ways and Means and the Senate Committee on Finance establishing the process for an aggrieved taxpayer to appeal a local or State determination affecting the tax classification of the taxpayer's property under 32 V.S.A. § 4152a, as established by this act.

Sec. 59. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD; DWELLING USE
ATTESTATION

* * *

(g) If the property identified in a declaration under subsection (b) of this section is not the taxpayer's homestead ~~or if the owner of a homestead fails to declare a homestead as required under this section~~, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill that may, as determined by the governing body of the municipality, include a penalty of up to ~~three~~ five percent of the education tax on the property. However, if the property ~~incorrectly declared as a homestead is located in a~~

~~municipality that has a lower homestead tax rate than the nonhomestead tax rate or if an undeclared homestead is located in a municipality that has a lower nonhomestead tax rate than the homestead tax rate, then the governing body of the municipality may include a penalty of up to eight percent of the education tax liability on the property.~~ If the Commissioner determines that the declaration or failure to declare was with fraudulent intent, then the ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount equal to 100 percent of the education tax on the property, plus any interest and late-payment fee or commission that may be due. Any penalty imposed under this section by a municipality and any additional property tax interest and late-payment fee or commission shall be assessed and collected by the municipality in the same manner as a property tax under chapter 133 of this title. Notwithstanding section 4772 of this title, issuance of a corrected bill issued under this section does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the owner of a homestead fails to declare a homestead as required under this section, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill. If the corrected bill is less than the original bill and there are also no unpaid current year taxes, interest, or penalties and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

* * *

(i) An owner filing a new or corrected declaration or dwelling use attestation or rescinding an erroneous declaration or dwelling use attestation after October 15 shall not be entitled to a refund resulting from the correct property classification, and any additional property tax and interest that would result from the correct classification shall not be assessed as tax and interest, but shall instead constitute an additional penalty to be assessed and collected in the same manner as penalties under subsection (g) of this section. Any change in property classification under this subsection shall not be entered on the grand list.

(j) A taxpayer may appeal a determination of domicile for purposes of a homestead declaration or an assessment of fraud penalty under this section to the Commissioner in the same manner as an appeal under chapter 151 of this title. A taxpayer may appeal an assessment of any other penalty under this section to the listers within 14 days after the date of mailing of notice of the penalty, and from the listers to the board of civil authority, and thereafter to the courts, in the same manner as an appraisal appeal under chapter 131 of this title. The legislative body of a municipality shall have authority in cases of

hardship to abate all or any portion of a penalty appealable to the listers under this section and any tax, penalty, and interest arising out of a corrected property classification under this section, and shall state in detail in writing the reasons for its grant or denial of the requested abatement. The legislative body may delegate this abatement authority to the board of civil authority or the board of abatement for the municipality. Requests for abatement shall be made to the municipal treasurer or other person designated to collect current taxes, and that person shall forward all requests, with that person's recommendation, to the body authorized to grant or deny abatement.

(k) A municipality may retain any penalties and interest assessed and collected in accord with this section.

(l) "Hardship" under this section means an owner's inability to pay as certified by the Commissioner of Taxes, in the Commissioner's discretion, or means an owner filing an incorrect, or failing to file a correct, homestead declaration or dwelling use attestation due to one or more of the following:

- (1) full-time active military duty of the declarant outside the State;
- (2) serious illness or disability of the declarant;
- (3) serious illness, disability, or death of an immediate family member of the declarant; and
- (4) fire, flood, or other disaster.

(m)(1) Annually, on or before the due date for filing the Vermont income tax return, without extension, each owner of a property with a dwelling unit, as defined under subdivision 4152a(c)(2) of this title, that is not declared as a homestead pursuant to this section, may file a dwelling use attestation describing how the dwelling unit will be used in the current year for purposes of assigning a tax classification under section 4152a of this title. Properties with a dwelling unit for which no homestead declaration or dwelling use attestation have been filed shall be assigned the tax classification with the highest statewide education tax rate multiplier under section 5402(a) of this title. The Commissioner may collect any additional information through the attestation as required to administer the classification of properties pursuant to section 4152a of this title.

(2) If the Commissioner determines that a filed dwelling use attestation contains errors or omissions but does not find that the filing was made with fraudulent intent, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill that may, as determined by the governing body of the municipality, include a penalty of up to five percent of the education tax on the property. Any penalty imposed under this subdivision

and any additional property tax interest and late-payment fee or commission shall be assessed and collected by the municipality in the same manner as a property tax under chapter 133 of this title. The municipality assessing and collecting any fee, interest, or commission under this subdivision shall retain it to pay for municipal services.

(3) If the Commissioner determines that a filed dwelling use attestation contains errors or omissions and further finds that the filing was made with fraudulent intent, then the Commissioner shall assess the taxpayer a penalty in an amount equal to 100 percent of the education tax on the property, plus any interest and late-payment fee that may be due. The Commissioner shall further notify the municipality, and the municipality shall issue a corrected tax bill. Any penalty imposed under this subdivision and any additional property tax interest and late-payment fee shall be assessed and collected by the Commissioner.

Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA COLLECTION

For calendar year 2029, the Commissioner of Taxes shall amend and create forms so that taxpayers report information on the use of their property for such property to be classified as homestead, nonhomestead residential, nonhomestead nonresidential, or a proportional classification of those uses. The information collected, and classifications determined, shall align with the definitions and requirements of this act. The Commissioner shall use the information to determine and assign a tax classification for every grand list parcel, and on or before October 1, 2029, the Commissioner shall provide that information to the Joint Fiscal Office.

Sec. 61. REPEALS

2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property tax classifications), 61a (transition; data collection), 61c (rate multipliers; intent), and 61d (prospective repeal) are repealed.

Sec. 62. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT

It is the intent of the General Assembly that the creation of a tax classification system, and the specific tax classifications to be used by that system, will be reevaluated at the same time as any further amendment of the tax rate multipliers created under 32 V.S.A. § 6066(a) as amended by 2025 Acts and Resolves No. 73.

Sec. 63. PROSPECTIVE REPEAL

In order to ensure the successful implementation of education finance reform as set forth in this act, in the absence of legislative action on or before

July 1, 2030, that creates a new tax rate multiplier to be used in a tax classification system, Secs. 58, 59, and 64 of this act are repealed on July 1, 2030.

Sec. 64. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(7) “Homestead”:

(A) “Homestead” means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual’s domicile or owned and fully leased on April 1, provided the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual’s domicile.

(B) The parcel of land surrounding the dwelling shall be determined without regard to any road that intersects the land. If the parcel of land surrounding the dwelling is owned by a cooperative housing corporation incorporated under 11 V.S.A. chapter 14 or owned by a nonprofit land conservation corporation or community land trust with exempt status under 26 ~~U.S.C.~~ U.S.C. § 501(c)(3), the homestead includes a pro rata part of the land upon which the dwelling is built, as determined by the cooperative corporation, nonprofit corporation, or land trust.

(C) A homestead may consist of a part of a multidwelling or multipurpose building, including cooperative property occupied as a permanent residence by a member of a cooperative housing corporation incorporated under 11 V.S.A. chapter 14. A mobile home may constitute a principal dwelling for purposes of this chapter.

(D) A dwelling owned by a trust may qualify as a homestead if it meets the requirements of subsection 6062(e) of this title.

(E)(i) A homestead also includes a dwelling on the homestead parcel owned by a farmer as defined under section 3752 of this title and occupied as the permanent residence by a parent, sibling, child, or grandchild of the farmer or by a shareholder, partner, or member of the farmer-owner, provided that the shareholder, partner, or member owns more than 50 percent of the farmer-owner, including attribution of stock ownership of a parent, sibling, child, or grandchild.

(ii) A homestead further includes the principal dwelling of a widow or widower, provided the dwelling is owned by the estate of the deceased spouse and it is reasonably likely that the dwelling will pass to the widow or widower by law or valid will when the estate is settled.

(F) A homestead also includes any other improvement or structure on the homestead parcel that is not used for business purposes, including a nonprincipal dwelling used exclusively by the owner for domestic purposes as part of the homestead on the same parcel. A homestead does not include that portion of a principal dwelling used for business purposes if the portion used for business purposes includes more than 25 percent of the floor space of the building.

(G) For purposes of homestead declaration and application of the homestead property tax rate, “homestead” also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next April 1, is held by the estate of the decedent and not rented.

(H) A homestead does not include any portion of a dwelling that is rented, and a dwelling is not a homestead for any portion of the year in which it is rented.

(I) A homestead also includes any dwelling that is used as a homestead without regard for whether it is fit for year-round habitation.

* * *

* * * State Aid for School Construction * * *

Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

(a) The General Assembly finds that:

(1) Much of Vermont’s school facilities portfolio is at or near the end of its useful life and will require substantial investment to address deferred maintenance and other necessary updates. The school facilities assessments conducted pursuant to 2021 Acts and Resolves No. 72 identified over \$6,000,000,000.00 in total needs over a 21-year period, with an average annual need of \$300,000,000.00 just to achieve replacement in kind. These needs have only grown since their estimation in 2023.

(2) Under Vermont’s current education finance system, school construction expenditures are paid from the Education Fund and apply pressure to property taxes. While non-property tax revenues support a share of Education Fund expenditures, property tax revenues make up the bulk of the Education Fund and are expected to make up an even larger share as Education Fund expenditures outpace growth in non-property tax revenues.

(3) Although school construction decision making is controlled at the local level, the costs of that decision making are spread across all property taxpayers in Vermont. A school district's decision to bond for a school construction project increases both the district's homestead property tax rate and the property tax rates of school districts across Vermont.

(4) Vermont's school budgeting process asks school districts and property taxpayers to weigh operating expenditures against capital expenditures within the same budgetary constraints. So long as both costs are borne by the property tax, school districts are disincentivized from taking on school construction projects, and certain communities in Vermont may struggle to support even necessary school construction expenditures.

(5) The foundation formula created in 2025 Acts and Resolves No. 73 did not provide funding for additional capital investment in school facilities. Unless additional revenue sources are utilized or an alternative financing model is identified, new school construction projects will continue to be funded from the Education Fund and will continue to apply pressure to property taxpayers across Vermont.

(b) It is the intent of the General Assembly to:

(1) create greater scale, increase the efficiency of the delivery of education services, and encourage the efficient use of funds by prioritizing school construction projects that align with the creation of the new school governance structures expressed in this act;

(2) address inequities in education funding across the State and remove disincentives to the construction of necessary and educationally appropriate school facilities by offering State aid in the form or forms best suited to a school district's local context and needs;

(3) recognize the urgency and opportunity offered by Vermont's education transformation as expressed in this act and 2025 Acts and Resolves No. 73 by identifying alternative models for funding school construction;

(4) in the short term, catalyze the State Aid for School Construction Program by providing State aid in the form of up to an additional \$50,000,000.00 annually in State bonding capacity to support the construction or renovation of school facilities that support the consolidation of school governance structures and improve access to educational opportunities for public school students;

(5) in the long term, provide State aid in the form of a debt service subsidy to school districts pursuing school construction projects that align with the goals of the State Aid for School Construction Program;

(6) throughout Vermont's education transformation, provide State aid through multiple funding streams until the burden on property taxpayers imposed by school construction expenditures can be reduced; and

(7) leverage the capacities of the Vermont Bond Bank to simplify bond issuances for school districts, increase financing opportunities, and protect the State's credit rating.

Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION
DIVISION; POSITIONS; APPROPRIATION

(a) The establishment of the following new limited service classified positions is authorized in the Agency of Education in fiscal year 2027:

(1) one School Construction Program Director;

(2) one Financial Manager I;

(3) one School Construction Coordinator; and

(4) one Architectural Design Reviewer or Educational Facility Planner.

(b) The sum of \$500,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2027 for the positions established in subsection (a) of this section.

(c) The Secretary of Education shall include as part of the Agency's budget submitted to the Governor pursuant to 16 V.S.A. § 212(21) for fiscal year 2028 a request to provide appropriate funding levels for the positions created by this section, and any other positions necessary, to permanently staff the School Construction Division of the Agency.

(d) The School Construction Division shall provide comprehensive technical assistance to the Agency of Education and the State Aid for School Construction Advisory Board on the implementation of the State Aid for School Construction Program.

Sec. 66a. FACILITIES MASTER PLAN GRANT PROGRAM;
APPROPRIATION

The sum of \$1,000,000.00 is transferred from the General Fund to the School Construction Aid Special Fund in fiscal year 2027 for the purpose of awarding grants through the Facilities Master Plan Grant Program established in 16 V.S.A. § 3441 to supervisory unions for the development of educational facilities master plans as part of the study committee process created in Sec. 13 of this act.

Sec. 67. AGENCY OF EDUCATION; STATE AID FOR SCHOOL
CONSTRUCTION; RULEMAKING

On or before March 1, 2028, the Agency of Education, in consultation with the State Aid for School Construction Advisory Board, shall adopt rules on school construction and capital outlay pursuant to 3 V.S.A. chapter 25 and 16 V.S.A. § 3442(2), including rules to address prioritization and bonus incentives that reward school districts for:

(1) consolidating school governance structures, whether through the study committee process under Sec. 13 of this act or by other voluntary means;

(2) improving access for public school students to excellent educational opportunities, including CTE, shared special education services for high-needs students, and improved comprehensive curricular offerings; and

(3) remediating or eliminating health and safety issues.

Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS AND REHABILITATION OPPORTUNITIES; REPORT

(a) On or before December 1, 2026, the State Aid for School Construction Advisory Board shall provide a written report to the General Assembly that:

(1) identifies three to five feasible opportunities for the construction or renovation of regional high schools to promote the consolidation of school governance structures and improve access for public school students to excellent educational opportunities, including CTE, shared special education services for high-needs students, and improved comprehensive curricular offerings; and

(2) provides a preliminary siting study for each identified school construction project that includes the cost, location, and any other factor the Board deems relevant to the General Assembly's consideration of the project.

(b) In developing the Board's report, the Board shall specifically consider how to achieve appropriate scale, given research on school size and travel times, and how to achieve regional comprehensive high schools.

Sec. 68a. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM;
INTENT

It is the intent of the General Assembly to clarify that the State shall not offer aid under the State Aid for School Construction Program under 16 V.S.A. chapter 123 until the General Assembly has received the Treasurer's recommendation under 16 V.S.A. § 3445(a)(6)(C) on total State bonding support and annual debt service subsidies to be awarded under the Program, the Agency of Education has operationalized its School Construction Division and completed rulemaking on school construction and capital outlay, and the

General Assembly has committed to a stable funding source, which may be State bonding support, to support the Program.

Sec. 69. 16 V.S.A. § 3440 is amended to read:

§ 3440. STATEMENT OF POLICY

(a) It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.

(b) It is further the intent of this chapter to prioritize school construction projects that align with the creation of new school governance structures under legislation enacted by the General Assembly in 2026 that requires each school board to participate in a study committee to study the advisability of forming a unified union school district. It is the intent of this chapter to leverage additional State bonding capacity to support the construction of these projects while the State identifies the total school construction need to be supported by State aid offered under this chapter.

Sec. 70. 16 V.S.A. § 3442 is amended to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

* * *

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request, including any projects contemplated under subsection 3440(b) of this chapter for funding through State bonding;

* * *

Sec. 71. 16 V.S.A. § 3443 is amended to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

* * *

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education, the School Construction Division, and the School Construction Program Director.

* * *

~~(g) Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation. [Repealed.]~~

Sec. 72. 16 V.S.A. § 3445 is amended to read:

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant achieves the level of “proficiency” demonstrates proficiency in the school district quality standards regarding facilities management adopted by rule by the Agency; ~~and~~

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant’s vision statement, educational needs, enrollment projections, renovation needs, and construction projects; and

(vi) if the applicant school district is applying for construction aid for a school building that was constructed or renovated before 1980, the applicant has completed indoor air quality testing for polychlorinated

biphenyls that was conducted according to the Department of Environmental Conservation's standards for testing.

(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.

(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its budget pursuant to subdivision 212(21) of this title and shall clearly identify those projects contemplated under subsection 3440(b) of this chapter for funding through State bonding. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306 and submission of the Governor's recommended capital budget to the General Assembly pursuant to 32 V.S.A. § 309, the House ~~Committee~~ Committees on Education and on Ways and Means and the Senate ~~Committee~~ Committees on Education and on Finance shall recommend a total school construction appropriation for the next fiscal year to the General Assembly for inclusion in the education payment under subsection 4011(a) of this title.

(5) Final approval for construction aid.

(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.

(B) The Secretary may approve a final application for a project provided that:

(i) the project has received preliminary approval;

(ii) the district has voted funds or authorized a bond for the total estimated cost of the project, provided that the district shall not issue the bond until the Secretary notifies the district of its State bonding support;

(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;

(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;

(v) the project has otherwise met the requirements of this chapter;

(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and

(vii) if the total estimated cost of the proposed project is less than \$50,000.00, no performance bond or irrevocable letter of credit shall be required.

(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall be fund 20 30 percent of the ~~eligible debt service~~ total approved cost of a project. Projects are eligible for additional bonus incentives as specified in rule ~~for to fund~~ up to an additional 20 45 percent of the ~~eligible debt service~~ total approved cost.

(B) Construction aid shall be awarded as a debt service subsidy, as support through State bonding, or as a combination of both. Amounts shall be awarded annually and are subject to an annual appropriation for the purposes of the program.

~~(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.~~

(C) Annually, the Treasurer, in consultation with the Capital Debt Affordability Advisory Committee (CDAAC), shall recommend to the House Committees on Education, on Ways and Means, and on Corrections and Institutions and the Senate Committees on Education, on Finance, and on Institutions the annual total State bonding support available for the capital budget and this Program and the annual debt service subsidies to be awarded under this chapter. The recommendation shall include an analysis of how the use of State bonding support for school construction under this Program affects overall capital budget capacity.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an

emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of \$300,000.00.

(c) Wage requirements. Any contract awarded for school construction that is paid for with State aid shall adhere to the higher of:

(1) the prevailing wage requirements established for State construction projects under 29 V.S.A. § 161(b); or

(2) the prevailing local wage requirements as determined by the U.S. Department of Labor under the Davis-Bacon Act, 40 U.S.C. §§ 3141–3148, and related federal acts and regulations.

Sec. 73. REPEAL

16 V.S.A. § 3454 (deferred maintenance) is repealed.

Sec. 74. 16 V.S.A. § 4033 is added to read:

§ 4033. LEGACY DEBT AID

(a) A school district shall be eligible to receive legacy debt aid pursuant to this section only if the district is not identified as a bad faith participant in the facilitator report submitted pursuant to Sec. 15 of legislation enacted by the General Assembly in 2026 that requires each school board to participate in a study committee to study the advisability of forming a unified union school district.

(b) An eligible school district's legacy debt aid shall equal 75 percent of the debt service cost of any debt that is approved by the voters of the district related to facility construction and renovation and for which construction has begun as of December 31, 2025.

(c) Aid shall be awarded annually for annual debt service costs up to a maximum total annual amount of \$45,750,000.00 and is subject to an annual appropriation for the purposes of the legacy debt aid.

Sec. 75. 16 V.S.A. § 4011(a) is amended to read:

(a) Annually, the General Assembly shall appropriate funds for an education payment to pay for statewide education spending and a portion of a base education amount for each adult education and secondary credential program student, and any other amounts the State is obligated to provide under this chapter or chapter 123 of this title.

Sec. 76. 16 V.S.A. § 4011(a) is amended to read:

(a) Annually, the General Assembly shall appropriate funds for an education payment to pay for each school district's educational opportunity

payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, and a portion of a categorical base amount for each adult education and secondary credential program student, and any other amounts the State is obligated to provide under this chapter or chapter 123 of this title.

Sec. 77. 32 V.S.A. § 5401(22) is amended to read:

(22) “Supplemental district spending” means the spending that the voters of a school district approve in excess of the school district’s educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of five percent of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s long-term membership, as defined in 16 V.S.A. § 4001(7). The cap on supplemental district spending shall not apply to school construction expenditures.

Sec. 77a. 24 V.S.A. § 1758 is amended to read:

§ 1758. CONDUCT OF MEETINGS

(a) Meetings of voters in municipal corporations under this subchapter shall be conducted in the same manner as the annual city and town meetings are conducted. The qualifications of voters at such meetings shall be the same as the qualifications of voters at annual city and town meetings. The vote on the question of issuing bonds for such improvements shall be by Australian ballot. The form of the ballot to be used shall be substantially as follows:

I. Shall the bonds of the of in an amount not to exceed be issued for the purpose of

If in favor of the bond issue, make a cross (x) in this square .

If opposed to the bond issue, make a cross (x) in this square .

In the discretion of the ~~legislative branch~~ Legislative Branch, the form of the ballot may also state the maximum rate of interest to be paid on the bonds, in which case the form of the ballot to be used shall be substantially as follows:

I. Shall bonds of the of in an amount not to exceed bearing interest not to exceed percent, be issued for the purpose of

If in favor of the bond issue, make a cross (x) in this square .

If opposed to the bond issue, make a cross (x) in this square .

(b) If a school board submits to its voters the proposition of incurring a bonded debt to pay for an improvement, the form of the ballot shall be as set forth in subsection (a) of this section, however:

(1) If the entire costs of the improvement are not eligible for State construction aid pursuant to 16 V.S.A. chapter 123 because the costs exceed the maximum allowed by formula established by the ~~State Board of Education~~ Agency of Education, the ballot text set forth in subsection (a) shall be preceded by the following introductory sentences:

The school board proposes to incur bonded indebtedness for the purpose of at the estimated total project cost of \$ It is estimated that percent of the project will not be eligible for State school construction aid because its (unit costs and/or allowable space) cause it to exceed the maximum cost for state participation under the ~~State Board of Education's~~ Agency of Education's formula for school construction. Therefore, the percent of the project that is estimated to be ineligible under the formula shall be built at 100% school district cost without State participation. The cost of the portion of construction which is ineligible under the formula is \$

(2) The ballot may contain language conditioning commencement of the improvement by the school board on receipt of final approval by the ~~State Board of Education~~ Agency of Education for State construction aid under 16 V.S.A. § 3448(a)(5) ~~3445(a)(5)~~.

(3) The warning and ballot shall contain the following set forth in bold-faced type:

State funds may not be available at the time this project is otherwise eligible to receive State school construction aid. The district is responsible for all costs incurred in connection with any borrowing done in anticipation of State school construction aid.

Funds to cover annual debt service costs on the bonds shall be raised through the district's supplemental district spending tax. Any bonded indebtedness incurred for school construction shall constitute an ongoing obligation of the district not subject to annual authorization of supplemental district spending.

(c) A public informational hearing adhering to the requirements of 17 V.S.A. § 2680(g) shall be held to discuss the proposition of a school district incurring a bonded debt to pay for an improvement. At such hearing, the school board shall distribute to the participants a written estimate of the following factors:

(1) the The percentage of the costs of the improvement that will not be eligible for State school construction aid because its unit costs or allowable space, or both, cause it to exceed the maximum cost for State participation under the State Board of Education's Agency of Education's formula for school construction.

(2)(A) The estimated supplemental district spending tax rate that would be required to pay annual debt service costs on the bonds for each of the following aid scenarios:

(i) if the district receives no State aid for the project;

(ii) if the district receives State aid of 30% of the total approved cost of the project; and

(iii) if the district receives State aid of 75% of the total approved cost of the project.

(B) The board shall notify the participants of the following assumptions that shall be made when estimating annual supplemental district spending tax rates to pay annual debt service costs on the bonds:

(i) supplemental district spending yield equal to the current yield;

(ii) long-term membership equal to the district's current long-term membership; and

(iii) supplemental district spending equal to the estimated annual debt service cost on the bond.

(C) The board shall further notify the participants that future supplemental district spending tax rates will vary annually based on the supplemental district spending yield, the district's long-term membership, and any other supplemental district spending that the district approves for the year.

Sec. 78. 16 V.S.A. § 563 is amended to read:

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

The school board of a school district, in addition to other duties and authority specifically assigned by law:

* * *

(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;

(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied;

(iii) the anticipated ~~homestead~~ statewide education tax rate and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments, as adjusted for each tax classification pursuant to 32 V.S.A. § 5402; and

(iv) the definition of "~~education spending~~ supplemental district spending," the number of pupils and number of equalized pupils in long-term membership of the school district, and the district's ~~education spending~~ per equalized pupil supplemental district spending in the proposed budget and in each of the prior three years;

(v) the supplemental district spending yield; and

(vi) the annual debt service cost of any outstanding capital indebtedness.

(D) ~~The~~ If the board determines that the district should raise funds to cover expenditures other than annual debt service obligations on outstanding capital indebtedness for school construction, the board shall present ~~the~~ a supplemental district spending budget to the voters by means of a ballot in the following form:

"Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend \$ _____ for expenditures other than annual debt service obligations

on any outstanding capital indebtedness, which is the amount the school board has determined to be necessary in excess of the school district's educational opportunity payment for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil ~~education~~ supplemental district spending of \$_____, which is _____% higher/lower than per pupil ~~education~~ supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per \$100.00 of equalized education property value.

If these expenditures are not approved, the District estimates a supplemental district spending tax rate of _____ per \$100.00 of equalized education property value to pay for the District's annual debt service obligations on outstanding capital indebtedness."

(E) If the board receives a determination of the district's State aid for school construction pursuant to 16 V.S.A. § 3445(a)(5), prior to issuing any bonds for school construction, the board shall present to the voters for one-time authorization a supplemental district spending budget to cover the annual debt service obligations for school construction by means of a ballot in the following form:

"Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend \$ _____, which is the amount the school board has determined to be necessary to cover the annual debt service obligations on school construction for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil supplemental district spending of \$_____, which is _____% higher/lower than per pupil supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per \$100.00 of equalized education property value.

If the District separately approves supplemental district spending for the ensuing fiscal year to cover expenditures other than the annual debt service obligations on school construction, the total supplemental district spending tax rate provided on the ballot for approval of those expenditures shall reflect the rate required to cover all expenditures, including the annual debt service obligations on school construction."

* * *

Sec. 79. REPEALS

The following sections of 2025 Acts and Resolves No. 73 are repealed:

- (1) Sec. 41 (16 V.S.A. § 563);
- (2) Sec. 45b (educational opportunity payment transition);
- (3) Sec. 46a (supplemental district spending; cap; transition);
- (4) Sec. 48a (tax rate transition); and
- (5) Sec. 57 (Education Fund Advisory Committee).

Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION;
TRANSITION; FISCAL YEARS 2031–2034

(a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2031–2034, the educational opportunity payment for a school district shall equal the educational opportunity payment for the school district as calculated pursuant to 16 V.S.A. § 4010(f) plus a yearly adjustment equal to:

- (1) in fiscal year 2031, the transition gap multiplied by 0.80;
- (2) in fiscal year 2032, the transition gap multiplied by 0.60;
- (3) in fiscal year 2033, the transition gap multiplied by 0.40; and
- (4) in fiscal year 2034, the transition gap multiplied by 0.20.

(b) Notwithstanding 16 V.S.A. § 823(a), in each of fiscal years 2031–2034, a school district shall pay as tuition to a receiving school for each resident student attending the receiving school an amount equal to the adjusted base multiplied by the sum of one and any weights applicable to the resident student under section 16 V.S.A. § 4010.

(c) As used in this section:

(1) “Adjusted base” means the quotient resulting from dividing the school district’s educational opportunity payment, as adjusted by the yearly adjustment, by the school district’s weighted long-term membership as defined in 16 V.S.A. § 4001.

(2) “Adjusted for inflation” means adjusting the school district’s education spending by the National Income and Product Accounts (NIPA) implicit price deflator for state and local government consumption expenditures and gross investment published by the U.S. Department of Commerce, Bureau of Economic Analysis, from fiscal year 2025 through fiscal year 2031 and rounding upward to the nearest whole dollar amount.

(3) “Transition gap” means the amount, whether positive or negative, that results from subtracting the school district’s educational opportunity payment as calculated pursuant to 16 V.S.A. § 4010(f) for fiscal year 2031 from the school district’s education spending in fiscal year 2025, as adjusted for inflation. The school district’s education spending shall be adjusted for inflation on or before November 15 by the Secretary of Education.

Sec. 81. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION;
FISCAL YEARS 2031–2039

Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2031–2039, the voters of a school district other than an interstate school district shall not approve spending in excess of the following percentage of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district’s long-term membership, as defined in 16 V.S.A. § 4001(7):

- (1) in fiscal years 2031–2035, 10 percent;
- (2) in fiscal year 2036, 9 percent;
- (3) in fiscal year 2037, 8 percent;
- (4) in fiscal year 2038, 7 percent; and
- (5) in fiscal year 2039, 6 percent.

Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FISCAL
YEARS 2031–2034;

(a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2031–2034, the homestead property tax rate for a school district shall equal the homestead property tax rate imposed pursuant to 32 V.S.A. § 5402 plus a yearly adjustment equal to:

- (1) in fiscal year 2031, the transition gap multiplied by 0.80;
- (2) in fiscal year 2032, the transition gap multiplied by 0.60;
- (3) in fiscal year 2033, the transition gap multiplied by 0.40; and
- (4) in fiscal year 2034, the transition gap multiplied by 0.20.

(b) As used in this section, “transition gap” means the amount, whether positive or negative, that results from subtracting the uniform homestead property tax rate for fiscal year 2031 were it calculated assuming no tax rate transition under this section from the homestead property tax rate for the school district in fiscal year 2030.

Sec. 83. HOMESTEAD PROPERTY TAX RATE; TRANSITION;
REPORT

On or before December 15, 2028, the Department of Taxes, in consultation with the Joint Fiscal Office and the Agency of Education, shall submit a written report to the House Committee on Ways and Means and the Senate Committee on Finance with recommendations and an implementation plan to ensure that homestead education property tax rates do not increase as part of the transition to the new foundation formula.

Sec. 84. 2025 Acts and Resolves No. 73, Sec. 53(b) is amended to read:

(b) On or before December 15, ~~2026~~ 2028, the Department of Taxes, in consultation with the Joint Fiscal Office, shall submit a proposal to the House Committee on Ways and Means and the Senate Committee on Finance designing a homestead exemption structure that minimizes the:

* * *

Sec. 85. 32 V.S.A. § 5414 is amended to read:

§ 5414. CREATION; EDUCATION FUND ADVISORY COMMITTEE

(a) Creation. There is created the Education Fund Advisory Committee to monitor Vermont's education financing system, conduct analyses, and perform the duties under subsection (c) of this section.

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

(1) ~~the Commissioner of Taxes or designee;~~

(2) ~~the Secretary of Education or designee;~~

(3) ~~the Chair of the State Board of Education or designee;~~

(4) two members of the public with expertise in education financing, who shall be appointed by the Speaker of the House;

~~(5)~~(2) two members of the public with expertise in education financing, who shall be appointed by the Committee on Committees;

~~(6)~~(3) ~~one member~~ two members of the public with expertise in education financing, who shall be appointed by the Governor; and

~~(7) the President of the Vermont Association of School Business Officials or designee;~~

~~(8)~~(4) one representative from the Vermont School Boards Association (VSBA) with expertise in education financing, selected by the Executive Director of VSBA;

~~(9) one representative from the Vermont Superintendents Association (VSA) with expertise in education financing, selected by the Executive Director of VSA; and~~

~~(10) one representative from the Vermont National Education Association (VTNEA) with expertise in education financing, selected by the Executive Director of VTNEA.~~

(c) Powers and duties.

(1) Annually, on or before December 15, the Committee shall make recommendations to the General Assembly regarding:

~~(A) updating the weighting factors using the weighting model and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127, which may include recalibration, recalculation, adding or eliminating weights, or any combination of these actions, as necessary;~~

~~(B) changes to, or the addition of new or elimination of existing, categorical aid, as necessary;~~

~~(C) changes to income levels eligible for a property tax credit under section 6066 of this title;~~

~~(D)(1) means to adjust the revenue sources for the Education Fund;~~

~~(E)(2) means to improve equity, transparency, and efficiency in education funding statewide;~~

~~(F)(3) the amount of the Education Fund stabilization reserve;~~

~~(G)(4) school district use of reserve fund accounts;~~

~~(5) enactment of any updates to weights or categorical aid recommended by the Joint Fiscal Office and the Agency of Education;~~

~~(6) the appropriations required to fully fund each school district's educational opportunity payment under the foundation formula established in 16 V.S.A. chapter 133 for the current and upcoming fiscal year; and~~

~~(H)(7) any other topic, factor, or issue the Committee deems relevant to its work and recommendations.~~

~~(2) The Committee shall review and recommend updated weights, categorical aid, and changes to the excess spending threshold to the General Assembly not less than every three years, which may include a recommendation not to make changes where appropriate. In reviewing and recommending updated weights, the Committee shall use the weighting model~~

~~and methodology used to arrive at the weights enacted under 2022 Acts and Resolves No. 127.~~

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Taxes and the Agency of Education.

(e) Meetings.

(1) The Commissioner of Taxes shall call the first meeting of the Committee to occur on or before July 15, ~~2026~~ 2031.

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

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

(f) Compensation and reimbursement. Members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under section 1010 of this title for up to four meetings per year.

* * * Effective Dates * * *

Sec. 86. EFFECTIVE DATES

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

(1) This section, Sec. 18 (Act 73 effective dates), Sec. 27a (rulemaking; reserve guidance), Sec. 27c (student profile form), Sec. 34(a) (repeal of 2025 Acts and Resolves No. 73, Secs. 62 and 63), Sec. 53 (transition provisions), Sec. 61 (repeals), Sec. 62 (rate multipliers), Sec. 63 (prospective repeal), Sec. 79 (transition repeals), Sec. 83 (tax rate transition report), Sec. 84 (homestead exemption structure report delay), and Sec. 85 (Education Fund Advisory Committee) shall take effect on passage.

(2) Sec. 2a (16 V.S.A. § 604; services offered) shall take effect on July 1, 2027.

(3) Sec. 57 (grand list contents) shall take effect on July 1, 2027, and shall apply to grand lists lodged beginning in calendar year 2028.

(4) Sec. 60 (transition provisions) shall take effect on January 1, 2029, provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1)(A), (B), and (C), as amended by this act, have been met.

(5) Sec. 54 (regional assessment district boundaries) shall take effect and the boundary submission to the General Assembly shall be due on December 15, 2029, provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1)(A), as amended by this act, have been met.

(6) Sec. 29 (16 V.S.A. § 4019), Secs. 58 and 59 (tax classifications), Sec. 64 (homestead definition), Sec. 74 (legacy debt aid), Sec. 76 (education payments), Sec. 77 (supplemental district spending definition), Sec. 77a (school district incurrence of indebtedness), Sec. 78 (supplemental district spending budget vote), and Secs. 80–82 (foundation formula transitions) shall take effect on July 1, 2030, provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1), as amended by this act, have been met.

(7) Sec. 30 (creation of regional assessment districts), Secs. 31–33 (conforming changes for regional assessment), Sec. 34(b) (repeal of 32 V.S.A. chapter 131), and Secs. 37–52 (conforming changes for repeal of 32 V.S.A. chapter 131) shall take effect on January 1, 2031, provided regional assessment district appeals boards shall commence jurisdiction over valuation appeals and notices of changes of valuation on July 1, 2031.

(Committee vote: 5-2-0)

(For House amendments, see House Journal of April 16, 2026, pages 3790-3848)

Reported favorably with recommendation of proposals of amendment by Senator Perchlik for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Finance, with further proposals of amendment as follows:

First: In Sec. 66a, Facilities Master Plan Grant Program; appropriation, by striking out “\$1,000,000.00” and inserting in lieu thereof “\$900,000.00”

Second: In Sec. 36, 32 V.S.A. § 5252(b)(3), by striking out the word “or” and inserting in lieu thereof the word “and”

(Committee vote: 4-3-0)

NEW BUSINESS

Third Reading

H. 606.

An act relating to firearms procedures.

H. 931.

An act relating to miscellaneous changes in education law.

Second Reading

Favorable

H. 902.

An act relating to approval of amendments to the charter of the City of Barre.

Reported favorably by Senator Collamore for the Committee on Government Operations.

(Committee vote: 5-0-0)

(No House Amendments)

Favorable with Proposal of Amendment

H. 527.

An act relating to extending the sunset of 30 V.S.A. § 248a.

Reported favorably with recommendation of proposal of amendment by Senator Chittenden for the Committee on Finance.

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

Sec. 1. 30 V.S.A. § 248a is amended to read:

§ 248a. CERTIFICATE OF PUBLIC GOOD FOR COMMUNICATIONS FACILITIES

* * *

(e) Notice. No less than 60 days prior to filing an application for a certificate of public good under this section, the applicant shall serve written notice of an application to be filed with the Commission pursuant to this section to the legislative bodies and municipal and regional planning commissions in the communities in which the applicant proposes to construct or install facilities; the Secretary of Natural Resources; the Secretary of Transportation; the Division for Historic Preservation; the Commissioner of Public Service and its Director for Public Advocacy; the Land Use Review Board if the application concerns a telecommunications facility for which a permit previously has been issued under 10 V.S.A. chapter 151; and the landowners of record of property adjoining the project sites. In addition, at least one copy of each application shall be filed with each of these municipal and regional planning commissions. The notices to the legislative body and planning commission of the municipality shall attach a statement that itemizes

the rights and opportunities available to those bodies under subdivisions (c)(2) and (e)(2) of this section and under subsections (m), (n), and (o) of this section and informs them of the guide published under subsection (p) of this section and how to obtain a copy of that guide.

* * *

(2) ~~On the request of~~ For any application other than a de minimis modification, as defined in subsection (b)(2) or a facility of limited size and scope, as defined in subsection (b)(4), the municipal legislative body or the planning commission; shall hold and the applicant shall attend a duly warned public meeting with the municipal legislative body or planning commission, or both, within the 60-day notice period before filing an application for a certificate of public good. The Department of Public Service shall attend the public meeting ~~on the request of the municipality~~. The Department shall consider the comments made and information obtained at the meeting in making recommendations to the Commission on the application and in determining whether to retain additional personnel under subsection (o) of this section.

* * *

(i) Sunset of Commission authority. Effective on July 1, ~~2026~~ 2029, no new applications for certificates of public good under this section may be considered by the Commission.

* * *

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 6-0-1)

(For House amendments, see House Journal of February 12, 2026, pages 3028-3030)

H. 817.

An act relating to mental health literacy and peer-to-peer supports in schools.

Reported favorably with recommendation of proposal of amendment by Senator Gulick for the Committee on Health and Welfare.

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

Sec. 1. LEGISLATIVE INTENT; MENTAL HEALTH LITERACY AND PEER SUPPORT INITIATIVES

It is the intent of the General Assembly that the Department of Mental Health, in collaboration with the Agency of Education, shall oversee a mental health literacy training grant program to provide mental health literacy training to educators, other school personnel, and afterschool staff and a peer-to-peer mental health program to support structured opportunities for student peer connection in a supervised school or afterschool setting to take effect on July 1, 2028.

Sec. 2. FUNDING; MENTAL HEALTH LITERACY AND PEER SUPPORT INITIATIVES

As part of its fiscal year 2028 budget presentation, the Department of Mental Health, in collaboration with the Agency of Education, shall explore potential funding sources for the mental health literacy and peer-to-peer programming described in Sec. 1 of this act, including whether any existing special funds are appropriate sources of funding, and provide recommendations accordingly.

Sec. 3. INVENTORY; MENTAL HEALTH LITERACY AND PEER SUPPORT INITIATIVES

On or before January 15, 2027, the Department of Mental Health, in collaboration with the Agency of Education and stakeholders, shall submit an inventory of existing mental health programming and services in schools to the House Committees on Appropriations and on Health Care and to the Senate Committees on Appropriations and on Health and Welfare. The inventory shall include a recommendation to integrate the mental health literacy and peer-to-peer programming described in Sec. 1 of this act into the existing programming and services listed in the inventory required pursuant to this section.

Sec. 4. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 19, 2026, pages 3421-3424)

Reported favorably by Senator Lyons for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Health and Welfare.

(Committee vote: 6-0-1)

H. 928.

An act relating to technical corrections to fish and wildlife statutes.

Reported favorably with recommendation of proposal of amendment by Senator Williams for the Committee on Natural Resources and Energy.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 1, 10 V.S.A. § 4502, in subsection (b), in subdivision (2), by striking out subdivision (SS) in its entirety and inserting in lieu thereof a new subdivision (SS) to read as follows:

(SS) ~~Appendix § 37, section 9.0. Feeding deer~~ [Repealed.]

Second: In Sec. 1, 10 V.S.A. § 4502, in subsection (b), in subdivision (3), by striking out subdivision (O) in its entirety and inserting in lieu thereof a new subdivision (O) to read as follows:

(O) ~~Appendix § 7, sections 4.0, 4.1, 4.2, 5.3, 6.1, 6.2, 6.3(b), 6.3(d), 6.3(e), 7.1, 7.2, 7.3, and 7.4, and 8.2. Bear, unauthorized taking management rule~~

Third: In Sec. 1, 10 V.S.A. § 4502, in subsection (b), in subdivision (3), by striking out subdivision (P) in its entirety and inserting in lieu thereof a new subdivision (P) to read as follows:

(P) ~~Appendix § 22, sections 4.1, 4.2, 4.3, 4.4, 5.1, 5.2, 5.4, 6.4, and 6.5. Turkey season, excluding: requirements for youth turkey hunting season; and size of shot used or possessed seasons~~

Fourth: In Sec. 1, 10 V.S.A. § 4502, in subsection (b), in subdivision (3), by striking out subdivision (U) in its entirety and inserting in lieu thereof a new subdivision (U) to read as follows:

(U) ~~Appendix § 37, sections 5.1, 6.1, 6.2, 7.1, 7.2, 7.4, 8.1, 8.2, 8.4, 9.1, 9.2, 9.4, 9.5, 12.2, and 14. Deer management rule, excluding requirements for youth deer hunting weekend; requirements for novice season;~~

~~limitations on feeding of deer; reporting big game; and section 11.0, ban of urine and other natural lures~~

Fifth: In Sec. 4, 1999 Acts and Resolves No. 1, Sec. 87a, by striking out subdivision (A)(ii)(II) in its entirety and inserting in lieu thereof a new subdivision (A)(ii)(II) to read as follows:

(II) Plan and Involve the Community. Involve Vermont citizens and municipalities ~~in~~ when developing and updating every 10 years a the long-term comprehensive plan for management of portions of the lands which are transferred to it.

Sixth: By striking out Sec. 5, effective date, in its entirety and inserting in lieu thereof four new sections to be Secs. 5–8 to read as follows:

Sec. 5. 9 V.S.A. § 2494d is added to read:

§ 2494d. CERTIFICATE OF COMPLIANCE

(a) The Attorney General may request a certificate of compliance from a manufacturer of a cosmetic or menstrual product. Within 60 days after receipt of the Attorney General’s request for a certificate of compliance, the manufacturer shall:

(1) provide the Attorney General with a certificate attesting that the manufacturer’s product or products comply with the requirements of this subchapter; or

(2) notify persons who are selling a product of the manufacturer’s in this State that the sale is prohibited because the product does not comply with this subchapter and submit to the Attorney General a list of the names and addresses of those persons notified.

(b) A manufacturer required to submit a certificate of compliance pursuant to this section may rely upon a certificate of compliance provided to the manufacturer by a supplier for the purpose of determining the manufacturer’s reporting obligations. A certificate of compliance provided by a supplier in accordance with this subsection shall be used solely for the purpose of determining a manufacturer’s compliance with this section.

Sec. 6. 9 V.S.A. § 2494w is amended to read:

§ 2494w. DEFINITIONS

As used in this subchapter:

(1) “Bisphenols” means any member of a class of industrial chemicals that contain two hydroxyphenyl groups. Bisphenols are used primarily in the manufacture of polycarbonate plastic and epoxy resins.

(2) “Department” means the Department of Health.

(3) “Food package” or “food packaging” means a package or packaging component that is intended for direct food contact.

(4) “Intentionally added” means the addition of a chemical in a product that serves an intended function in the product component.

(5) “Manufacturer” means any person engaged in the business of making or assembling a consumer product directly or indirectly available to consumers. “Manufacturer” excludes a distributor or retailer, except when a consumer product is made or assembled outside the United States, in which case a “manufacturer” includes the importer or first domestic distributor of the consumer product.

(6) “Ortho-phthalates” means any member of the class of organic chemicals that are esters of phthalic acid containing two carbon chains located in the ortho position.

~~(6)~~(7) “Package” means a container providing a means of marketing, protecting, or handling a product and shall include a unit package, an intermediate package, and a shipping container. “Package” also means unsealed receptacles, such as carrying cases, crates, cups, pails, rigid foil and other trays, wrappers and wrapping films, bags, and tubs.

~~(7)~~(8) “Packaging component” means an individual assembled part of a package, such as any interior or exterior blocking, bracing, cushioning, weatherproofing, exterior strapping, coatings, closures, inks, and labels, and disposable gloves used in commercial or institutional food service.

~~(8)~~(9) “Perfluoroalkyl and polyfluoroalkyl substances” or “PFAS” means a class of fluorinated organic chemicals containing at least one fully fluorinated carbon atom.

Sec. 7. 9 V.S.A. § 2494x(d) is amended to read:

(d) This section shall not apply to the sale or resale of used products offer for sale, distribution for sale, or distribution for use of food packaging that has been previously used by a consumer for the intended purpose of the product.

Sec. 8. EFFECTIVE DATES

(a) This section and Secs. 5–7 (PFAS conforming changes) shall take effect on passage.

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

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 20, 2026, pages 3449-3452)

Reported favorably with recommendation of proposals of amendment by Senator Hardy for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposals of amendment as recommended by the Committee on Natural Resources and Energy, with further proposals of amendment as follows:

First: By amending the sixth instance of amendment by adding one new section to be Sec. 7a to read as follows:

Sec. 7a. 10 V.S.A. § 6634 is added to read:

§ 6634. UNAVOIDABLE USE OF PFAS; FLUORINE TREATED CONTAINERS

A person may apply to the Secretary to determine that the use of a fluorine treated container is unavoidable. The Secretary may determine that the use of a fluorine treated container for a particular sector is a currently unavoidable use. Any determination shall be for a period of time specified by the Secretary, not to exceed 10 years. The Secretary's determination shall proceed pursuant to section 7714 of this title (Type 3 Procedures). The Secretary shall only issue a determination upon finding that there is no alternative to the use of a fluorine treated container that presents less hazard to human health or the environment and that serves a functionally similar purpose to use of the fluorinated container by that sector. A sector whose containers have been issued an unavoidable use determination shall not be subject to the requirements of 9 V.S.A. § 2494g for the specified use for the duration of the determination issued by the Secretary.

Second: By adding a seventh instance of amendment to read as follows:

Seventh: In Sec. 3, 10 V.S.A. § 4255 (license fees), by inserting a new subsection to be subsection (p) to read as follows:

(p) The Commissioner may assess the following fees for the use of Department of Fish and Wildlife lands and facilities. All fees or charges collected for the use of Department of Fish and Wildlife lands and facilities shall be deposited in the Fish and Wildlife Fund:

(1) Rental of the Edward F. Kehoe Education Center:

(A) Partnering organizations and municipalities:

(i) Education Center day use (per day for use of all facilities):
\$300.00

- (ii) Damage deposit (refundable if all requirements are met):
 - \$150.00 per rental
 - (iii) Cabin rental (rate is for four persons, \$5.00 per additional person):
 - \$60.00 per night
 - (B) School groups (K–12) day use: \$5.00 per student
 - (C) Private entity: Education Center day use (per day for use of all facilities): \$600.00
 - (D) Weddings: \$5,000.00, or \$4,000.00 if a certified wedding planner is used for the event
- (2) Rental of Buck Lake Conservation Camp:
- (A) Partnering organizations and municipalities:
 - (i) Education Center day use (per day for use of all facilities): \$300.00
 - (ii) Damage deposit (refundable if all requirements met): \$150.00 per rental
 - (B) Private entity:
 - (i) Education Center day use (per day/all facilities): \$600.00
 - (ii) Cabin rentals (rate is for four persons, \$5.00 per additional person): \$60.00 per night
- (3) Controlled waterfowl hunt (Dead Creek Wildlife Management Area or Mud Creek Wildlife Management Area): \$10.00 per person
- (4) Meeting rooms:
- (A) Grand Isle Fish Culture Station: \$25.00 per day
 - (B) Gordon Center Training Facility, overnight accommodations: \$25.00 per person per night
- (5) Special use permit: \$50.00 minimum–\$10,000.00 maximum
- (6) License: \$50.00 minimum–\$10,000.00 maximum
- (Committee vote: 6-0-1)

House Proposal of Amendment

S. 243.

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

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

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 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.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

House Proposal of Amendment to Senate Proposal of Amendment

H. 648

An act relating to banking, insurance, and securities.

The House concurs in the Senate proposal of amendment with further proposals 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 (c)(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.~~

~~(l)(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 entireties 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.

H. 941

The House concurs in the Senate proposal of amendment with further amendment thereto 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; shall have no bylaw that has the effect of prohibiting the raising, feeding, and management of a poultry flock; and may reasonably regulate by bylaw swine waste in designated downtowns or village centers.

(5) Farming livestock requires an adequate land base, and 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) 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) 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 and hemp are excluded from this exception.

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

~~(B)~~(D) accepted 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)~~(E) 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) “Village center” means an area designated pursuant to chapter 76A or chapter 139 of this title.

* * *

Sec. 3. 24 V.S.A. § 4412 is amended to read:

§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

Notwithstanding any existing bylaw, the following land development provisions shall apply in every municipality:

* * *

(15) No bylaw shall have the effect of prohibiting or assessing a fee for the raising, feeding, or management of a poultry flock, excluding roosters and ratites, for personal use, donation, or sale. At minimum, no bylaw shall have the effect of prohibiting the keeping of fewer than 12 chickens or a number determined by a municipality, whichever number is higher. Municipalities may consider parcel size to establish other limitations on the number of poultry birds. A bylaw may establish a numerical limit of any poultry to be fewer than the minimum number as enumerated in Section 3 of the Required Agricultural Practices Rule, regardless of parcel size. As used in this section, “poultry” has the same meaning as in 6 V.S.A. § 1459(4).

Sec. 4. 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.

~~(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. 5. MUNICIPAL REGULATION OF FARMING STUDY; REPORT

(a) The Land Access and Opportunity Board shall convene a stakeholder group to examine options to address conflicts between landowners that involve agricultural livestock activities in densely populated villages, towns, or cities in Vermont and how to address municipal regulation of agriculture to better protect farmland and support homesteaders and farmers and their role in food

security. At a minimum, the stakeholder group shall include membership-based agricultural organizations, the Vermont League of Cities and Towns, Vermont Farm to Plate, and individuals with expertise in local or regional planning, as well as zoning administration.

(b) The stakeholder group shall consider options to address conflicts, including whether municipal regulations have significantly restricted or functionally prohibited or could significantly restrict or functionally prohibit the raising, feeding, or managing of livestock, including providing a model bylaw that would permit the necessary functions in raising, feeding, or managing livestock. The stakeholder group shall provide recommendations for determining whether the raising, feeding, or managing of livestock has a sufficient land base for appropriate nutrient or waste management and whether the raising, feeding, or management of livestock is causing significant adverse water quality impacts on parcels of less than 4.0 contiguous acres.

(c) On or before January 31, 2027, the Land Access and Opportunity Board shall submit a 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 shall summarize findings, considerations, and any recommendations of the stakeholder group and offer a recommendation for the Secretary of Agriculture, Food and Markets on solutions, including recommended statutory changes or rulemaking, that would best support municipalities in their efforts to increase food security when significant landowner conflicts arise regarding livestock.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

NOTICE CALENDAR

Second Reading

Favorable

H. 953.

An act relating to approval of an amendment to the charter of the Town of Panton.

Reported favorably by Senator Morley for the Committee on Government Operations.

(Committee vote: 5-0-0)

(No House Amendments)

Favorable with Proposal of Amendment

H. 710.

An act relating to defining electricity generating facilities.

Reported favorably with recommendation of proposal of amendment by Senator Watson for the Committee on Natural Resources and Energy.

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

Sec. 1. 30 V.S.A. § 8002 is amended to read:

§ 8002. DEFINITIONS

As used in this chapter:

* * *

(18) “Plant” means an independent technical facility that generates electricity from renewable energy. ~~A group of facilities, such as wind turbines, shall be considered one plant if the group is part of the same project and uses common equipment and infrastructure such as roads, control facilities, and connections to the electric grid. Common ownership, contiguity in time of construction, and proximity of facilities to each other shall be relevant to determining whether a group of facilities is part of the same project. Multiple electricity-generating facilities, regardless of when each is constructed, shall be considered one plant if the facilities use the same electricity-generating technology and are located on the same parcel or contiguous parcels of land. However, such facilities shall be considered separate plants if:~~

(A) the facilities are for individual net metering or self-consumption and:

(i) are not located on the same parcel of land;

(ii) are wired to offset consumption on separate billing meters;

and

(iii) supply different retail customers;

(B) the facilities are for multi-owner individual net metering and:

(i) are located on the same parcel of land where a common interest community is located;

(ii) are wired to offset consumption on separate billing meters;

and

(iii) supply different retail customers; or

(C) the facilities have separate points of interconnection and:

(i) a net-metering facility and a Standard Offer Program facility are not sited on the same parcel or contiguous parcels; and

(ii) for facilities under each program, the total capacity located on a parcel or contiguous parcels does not exceed the program's statutory capacity cap.

* * *

(33) "Common interest community" means real estate described in a declaration with respect to which a person, by virtue of the person's ownership of a unit, is obligated to pay for a share of real estate taxes on; insurance premiums, maintenance, or improvement of; or services or other expenses related to common elements, other units, or other real estate than the unit described in the declaration.

(34) "Contiguous" means sharing a property boundary with another parcel of land or being adjacent to that parcel of land and the two parcels are separated only by a road, recreation path, railway line, stream, or river.

(35) "Electricity-generating technology" means a method or system used to convert energy from one form into electric power, including wind, hydropower or water, solar, or biomass.

(36) "Point of interconnection" means the point on the interconnecting utility's existing distribution system to which a facility proposes to interconnect.

Sec. 2. LEGISLATIVE INTENT

It is the intent of the General Assembly that the amendments in Sec. 1, 30 VSA 8002, of this act are substantive and create new rights and liabilities in light of emerging issues and shall apply only to applications filed on or after the effective date of this act.

Sec. 3. 30 V.S.A. § 20 is amended to read:

§ 20. PARTICULAR PROCEEDINGS AND ACTIVITIES; PERSONNEL

(a)(1) The Commission or the Department of Public Service may authorize or retain legal counsel, official stenographers, expert witnesses, advisors and consultants, temporary employees, and other providers of research, scientific, financial, economic, actuarial, accounting, or engineering services:

* * *

(F) To investigate, review, plan, oversee, or carry out the decommissioning and site restoration required by a certificate of public good issued to an electric generation or energy storage facility.

* * *

Sec. 4. 30 V.S.A. § 248e is added to read:

§ 248e. ELECTRIC GENERATION AND ENERGY STORAGE FACILITY
DECOMMISSIONING FUND

(a) There is created the Electric Generation and Energy Storage Facility Decommissioning Fund that shall be a special fund created pursuant to 32 V.S.A. chapter 7, subchapter 5 and shall be administered by the Chair of the Public Utility Commission. The Chair is authorized to collect surety fees for the Decommissioning Fund and to make disbursements from the Decommissioning Fund.

(b) Deposits to the Decommissioning Fund shall consist of all decommissioning surety fees collected for electric generation and energy storage facilities that have received a certificate of public good from the Commission and all monies drawn from decommissioning financial instruments. The Commission shall deposit into the Decommissioning Fund each decommissioning surety fee it receives under this subchapter.

(c) Disbursements from the Decommissioning Fund may be made by the Chair to undertake actions that the Commission considers necessary to investigate or mitigate, or both, the effects of an abandoned, nonoperational, or disclaimed electric generation or energy storage facility. Disbursements under this subsection may be made to:

(1) pay costs to third parties who initiate or complete facility decommissioning and site restoration where the holder of the certificate of public good is unknown, cannot be contacted, is unwilling to take action, is incapable of carrying out decommissioning or site restoration, or does not take timely action as ordered by the Commission;

(2) investigate ownership of or ascertain the holder of the certificate of public good for an electric generation or energy storage facility;

(3) take other appropriate remedial action;

(4) pay costs to persons retained by the Commission or the Department under subdivision 20(a)(1)(F) of this title; or

(5) return portions of the decommissioning surety fees as determined by a formula established by the Commission to individual certificate of public

good holders upon satisfactory completion of decommissioning and Commission approval.

(d) For purposes of this section:

(1) “Chair” means the Chair of the Public Utility Commission.

(2) “Commission” means the Public Utility Commission.

(3) “Decommissioning” means to remove a facility safely from service and to restore the site to its condition before the facility was installed consistent with the facility’s certificate of public good and Commission rules and orders.

(4) “Decommissioning Fund” means the Electric Generation and Energy Storage Facility Decommissioning Fund established pursuant to this section.

(5) “Decommissioning surety fee” means the contribution assigned to a facility and determined by a funding formula established by the Commission, not to exceed the average cumulative cost of obtaining decommissioning financial instruments for the life of a facility. The “average cumulative cost” means the customary and reasonable market-based third-party costs; expenses and fees associated with obtaining, maintaining, renewing, and updating financial instruments; and staff and attorney time and expenses.

(6) “Department” means the Department of Public Service.

(e) Balances in the Decommissioning Fund shall be expended only for the purposes authorized in this section and shall not be used for the general obligations of government or for other governmental purposes. All balances in the Decommissioning Fund at the end of any fiscal year shall be carried forward and remain within the Decommissioning Fund. Interest earned by the Decommissioning Fund shall be credited to the Decommissioning Fund.

(f) The Commission shall have authority to adopt rules or issue orders implementing this section.

(g) The Commission shall provide to the Treasurer of the State of Vermont an annual accounting of the Decommissioning Fund.

Sec. 5. DECOMMISSIONING FUND REPORT

On or before February 15, 2027, the Public Utility Commission shall report back to the House Committee on Energy and Digital Infrastructure and the Senate Committees on Natural Resources and Energy and on Finance on the formula established for the decommissioning surety fees pursuant to 30 V.S.A. § 248e.

Sec. 6. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of February 18, 2026, pages 3084-3086)

Reported favorably by Senator Watson for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Natural Resources and Energy.

(Committee vote: 7-0-0)

H. 757.

An act relating to manufactured homes and limited equity cooperatives.

Reported favorably with recommendation of proposals of amendment by Senator Chittenden for the Committee on Economic Development, Housing and General Affairs.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: By adding a new section to be Sec. 3a to read as follows:

Sec. 3a. 11 V.S.A. § 1598 is amended to read:

§ 1598. LIMITED EQUITY COOPERATIVES

* * *

~~(b)(1) A mobile home park organized as a limited equity cooperative shall be treated for the purposes of State funding and grants as if it were incorporated as a State nonprofit corporation for a public purpose and public benefit under the laws of this State. Nothing in this section shall be deemed to alter or change specific funding or grant requirements, including the definition of low or moderate income, as outlined in any program, funding, or grant source.~~

~~(2) Nothing in this subsection shall be interpreted to impact or alter the tax treatment of a mobile home park organized as a limited equity cooperative. [Repealed.]~~

Second: By adding a reader assistance heading and a new section to be Sec. 8a to read as follows:

* * * Reports * * *

Sec. 8a. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT; MOBILE HOME PARK FUNDING; REPORT

(a) On or before November 15, 2026, the Department of Housing and Community Development, in consultation with the Agency of Administration, the Agency of Natural Resources, and the Agency of Transportation, shall submit a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs identifying all State funding grant and loan programs available to mobile home parks for infrastructure improvements with an analysis on the eligibility and regulatory barriers prohibiting access to the funds for mobile home parks registered as a limited equity cooperative under 11 V.S.A. chapter 14.

(b) The Office of the Secretary of State shall provide technical support as necessary to the Department of Housing and Community Development.

Third: By striking out Sec. 9, effective dates, 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 July 1, 2026, except that:

(1) Secs. 5 and 6 (sales and use tax exemption) shall take effect on January 1, 2027; and

(2) Sec. 3a (repeal) shall take effect on July 1, 2027.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 17, 2026, pages 3272-3290)

Reported favorably by Senator Chittenden for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposals of amendment as recommended by the Committee on Economic Development, Housing and General Affairs.

(Committee vote: 6-0-1)

H. 915.

An act relating to establishing an extended producer responsibility program for beverage containers.

Reported favorably with recommendation of proposal of amendment by Senator Beck for the Committee on Natural Resources and Energy.

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

Sec. 1. 10 V.S.A. chapter 53 is amended to read:

CHAPTER 53. BEVERAGE CONTAINERS; DEPOSIT-REDEMPTION SYSTEM

§ 1521. DEFINITIONS

As used in this chapter:

(1) "Beverage" means beer or other malt beverages and mineral waters, mixed wine drink, soda water and carbonated soft drinks in liquid form and intended for human consumption. "Beverage" also means liquor and ready-to-drink spirits beverage.

(2) ~~"Biodegradable material" means material that is capable of being broken down by bacteria into basic elements. [Repealed.]~~

(3) "Container" means the individual, and separate, bottle, can, or jar, ~~or earthen~~ composed of glass, aluminum or other metal, ~~paper, plastic~~ polyethylene terephthalate, high density polyethylene, or any combination of those materials, and containing a ~~consumer product~~ beverage. This definition shall does not include containers made of biodegradable material beverage containers with a volume greater than three liters.

(4) "Dealer" means any person, including any operator of a vending machine or retailer, who engages in the sale of beverages in beverage containers to consumers in the State.

(5) "Deposit initiator" means the first distributor or manufacturer to collect the deposit on a beverage container sold to any person within the State. If no person initiates a deposit, the first distributor in the State shall be the deposit initiator.

(6) "Distributor" means every person who engages in the sale of consumer products beverages in containers to a dealer in this State, including any manufacturer who engages in such sales. Any dealer or retailer who sells,

at the retail level, beverages in containers without having purchased them from a person otherwise classified as a distributor ~~shall be~~ is a distributor.

(7) “Fair compensation” means the compensation from the producer responsibility organization to the point of redemption in the amount that covers the point of redemption’s reasonable costs of operating redemption services and a reasonable rate of return.

~~(5)~~(8) “Manufacturer” means every person bottling, canning, packing, or otherwise filling containers for sale to distributors or dealers.

(9) “Mixed wine drink” means a beverage containing wine and more than 15 percent added plain, carbonated, or sparkling water and that contains added natural or artificial blended material, such as fruit juices, flavors, flavoring, adjuncts, coloring, or preservatives; a beverage that contains not more than 16 percent alcohol by volume; or another similar product marketed as a wine cooler.

(10) “Point of redemption” means a location included in the plan adopted under section 1532 of this title that redeems beverage containers under this chapter. A point of redemption includes manually sorting containers, mechanically sorting containers, and bag drops.

(11) “Point of redemption with immediate return of deposit” means a point of redemption that immediately provides a person with a deposit when a beverage container is presented for redemption.

~~(6)~~(12) “Recycling” means the process of sorting, cleansing, treating, and reconstituting waste and other discarded materials for the purpose of reusing the materials in the same or altered form.

~~(7)~~(13) “Redemption center” means a store or other location where any person may, during normal business hours, redeem the amount of the deposit for any empty beverage container labeled or certified pursuant to section 1524 of this title.

(14) “Redemption rate” means the number of beverage containers redeemed for the deposit divided by the number of beverage containers sold and may not include in its calculation any unredeemed beverage containers collected or processed by municipal or other recycling programs.

(15) “Retailer” means a store or other licensed entity, including vending machines, where containers are sold at the retail level for off-premise consumption.

~~(8)~~(16) “Secretary” means the Secretary of Natural Resources.

~~(9) “Mixed wine drink” means a beverage containing wine and more than 15 percent added plain, carbonated, or sparkling water and that contains added natural or artificial blended material, such as fruit juices, flavors, flavoring, adjuncts, coloring, or preservatives; that contains not more than 16 percent alcohol by volume; or other similar product marketed as a wine cooler.~~

~~(10)~~(17) “Liquor” means spirits as defined in 7 V.S.A. § 2.

§ 1522. BEVERAGE CONTAINERS; DEPOSIT

(a) Except with respect to beverage containers that contain liquor, a deposit of ~~not less than~~ five cents shall be paid by the consumer on each beverage container sold at the retail level and refunded to the consumer upon return of the empty beverage container. With respect to beverage containers of volume greater than 50 ml. that contain liquor, a deposit of 15 cents shall be paid by the consumer on each beverage container sold at the retail level and refunded to the consumer upon return of the empty beverage container. The difference between liquor bottle deposits collected and refunds made is hereby retained by the Liquor Control Enterprise Fund for administration of this subsection.

(b) A retailer or a person operating a redemption center who redeems beverage containers shall be reimbursed by the ~~manufacturer or distributor of such~~ deposit initiator of the beverage containers in an amount that is ~~three and one-half~~ four and one-half cents per container for containers of beverage brands that are part of a commingling program and ~~four~~ five cents per container for containers of beverage brands that are not part of a commingling program. Beginning on March 1, 2029, a retailer or a person operating a redemption center shall be reimbursed for beverage containers that are covered by a stewardship plan approved by the Secretary under this chapter according to the fair compensation requirements of the plan.

* * *

~~(d) Containers shall be redeemed during no fewer than 40 hours per week during the regular operating hours of the establishment. [Repealed.]~~

§ 1522a. RULES

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

~~(1) Provisions to ensure that beverage containers not labeled in accordance with section 1524 of this title are not redeemed.~~

~~(2) Provisions to ensure that beverage containers are commingled.~~

~~(3) Administrative penalties for the failure by a redemption center or retailer to remove beverage containers that are not labeled prior to pickup by a distributor or manufacturer. Penalties may include nonpayment of the deposit and handling fee established under section 1522 of this title for a reasonable period of time and for the number of beverage containers that were not labeled.~~

~~(4) Any other provision that may be necessary for the implementation of this chapter. [Repealed.]~~

§ 1523. ACCEPTANCE OF BEVERAGE CONTAINERS

(a) Except as provided in section 1522 of this title:

(1) A retailer shall not refuse to accept from any person any empty beverage containers, labeled in accordance with section 1524 of this title, of the kind, size, and brand sold by the retailer, ~~or~~ and a retailer or a redemption center shall not refuse to pay to ~~that a~~ person the refund value of a beverage container as established by section 1522 of this title, except as provided in ~~subsection (b)~~ subsections (b) or (c) of this section.

(2) A manufacturer or distributor ~~may~~ shall not refuse to pick up from a retailer that sells its product or a person operating a certified redemption center any empty beverage containers, labeled in accordance with section 1524 of this title, of the kind, size, and brand sold by the manufacturer or distributor, or refuse to pay the retailer or a person operating a redemption center the refund value of a beverage container as established by section 1522 of this title.

(b) A retailer, with the prior approval of the Secretary, may refuse to redeem beverage containers if a redemption center or centers are established that serve the public need.

(c) A retailer or a person operating a redemption center may refuse to redeem beverage containers that are not clean, or are broken, and shall not redeem beverage containers that are not labeled in accordance with section 1524 of this title.

* * *

§ 1524. LABELING

(a)(1) Every beverage container sold or offered for sale at retail in this State shall clearly indicate by embossing ~~or~~ on the normal product label, imprinting on the normal product label, or ~~in the case of a metal beverage container on the top of the container,~~ other approved method secured to the container the word "Vermont" or the letters "VT" and the refund value of the

container in not less than one-eighth inch type size or such other alternate indications as may be approved by the Secretary.

(2) The label shall be on the top lid of the beverage container, the side of the beverage container, or in a clearly visible location on the beverage container. This subsection does not prohibit including names or abbreviations of other states with deposit legislation comparable to this chapter.

(b) The Commissioner of Liquor and Lottery may allow, in the case of liquor bottles, a conspicuous, adhesive sticker to be attached to indicate the deposit information required in subsection (a) of this section, provided that the size, placement, and adhesive qualities of the sticker are as approved by the Commissioner. The stickers shall be affixed to the bottles by the manufacturer, except that liquor that is sold in the State in quantities less than 100 cases per year may have stickers affixed by personnel employed by the Division of Liquor Control.

(c) This section shall not apply to permanently labeled beverage containers. Every beverage container sold or offered for sale in the State shall contain a Universal Product Code and a barcode displayed on the container.

* * *

§ 1527. PENALTY REDEMPTION OF LIQUOR BOTTLES

~~A person who violates a provision of this chapter shall be fined not more than \$1,000.00 for each violation.~~ Notwithstanding any other provision of this chapter to the contrary, redemption of beverage containers of volume greater than 50 ml that contain liquor shall be subject to the following requirements:

(1) Deposit. Beverage containers subject to this section shall have a deposit of 15 cents on each container sold at the retail level and returned to the consumer upon return of the empty beverage container.

(2) Handling fee. Distributors of beverage containers subject to this section shall pay a point of redemption that redeems a beverage container four and one-half cents per container.

(3) Redemption. A retailer shall not refuse to accept beverage containers subject to this section or refuse to pay a person the refund value established by subdivision (1) of this section for any container unless the container is not clean, broken, or has an exemption issued by the Secretary. The Department of Liquor and Lottery shall not refuse to pick up empty beverage containers subject to this section, pay the refund value, or pay the handling fee to a retailer or redemption center subject to this section.

(4) Coordination with producer responsibility organization. The Department of Liquor and Lottery may coordinate with and compensate the producer responsibility organization to collect beverages containers subject to this section at points of redemption that are a part of the collection plan developed by the producer responsibility organization. Containers collected at these points of redemption shall not be subject to the handling fee established by subdivision (2) of this section.

(5) Performance goals and reporting. The Department of Liquor and Lottery shall be subject to the redemption rate goals established in section 1534 of this title for beverage containers containing liquor. Beginning on January 15, 2027, and annually thereafter, the Commissioner of Liquor and Lottery shall report to the Secretary of Natural Resources:

(A) the amount and tonnage of liquor bottles that the Department of Liquor and Lottery collected in the previous calendar year; and

(B) the redemption rate for liquor bottles in the previous calendar year.

* * *

§ 1529. REDEMPTION CENTER CERTIFICATION

A person operating a redemption center ~~may~~ shall obtain a certification from the Secretary. A redemption center certification shall include the following:

~~(1) Specification of the name and location of the facility;~~

~~(2) If the certified redemption center redeems more than 250,000 containers per year, a requirement that the certified redemption center shall participate in an approved commingling agreement; and~~

~~(3) Additional conditions, requirements, and restrictions as the Secretary may deem necessary to implement the requirements of this chapter. This may shall include requirements concerning reporting, recording, and inspections of the operation of the site.~~

§ 1530. ABANDONED BEVERAGE CONTAINER DEPOSITS

~~(a) As used in this section, “deposit initiator” means the first distributor or manufacturer to collect the deposit on a beverage container sold to any person within the State.~~

~~(b) Beginning on January 1, 2020, and quarterly thereafter, every deposit initiator shall report to the Secretary of Natural Resources and the Commissioner of Taxes. The report shall be submitted on or before the 25th~~

day of the calendar month succeeding the quarter ending on the last day of March, June, September, and December each year. The deposit initiator shall submit the report on a form provided by the Commissioner of Taxes. The report shall include:

- (1) the number of beverage containers sold in the preceding quarter and the number of beverage containers returned in the preceding quarter;
- (2) the amount of beverage container deposits received by the deposit initiator;
- (3) the amount of refund payments made in the preceding quarter; and
- (4) any additional information required by the Commissioner of Taxes.

~~(e)~~(b)(1) On or before January 1, 2020, and quarterly thereafter, at the time a report is filed pursuant to subsection (d) of this section, each deposit initiator shall remit to the Commissioner of Taxes any abandoned beverage container deposits from the preceding quarter. The amount of abandoned beverage container deposits for a quarter is the amount equal to the amount of deposits that the deposit initiator collected in the quarter less the amount of the total refund value paid out by the deposit initiator for beverage containers during the quarter.

(2) In any calendar quarter, the deposit initiator may submit to the Commissioner of Taxes a request for reimbursement of refunds paid under this chapter that exceed the amount of deposits collected in the quarter. The Commissioner of Taxes shall pay a request for reimbursement under this subdivision from the funds remitted to the Commissioner under subdivision (1) of this subsection, provided that:

(A) the Commissioner determines that the deposits collected by the deposit initiator are insufficient to pay the refunds on returned beverage containers; and

(B) a reimbursement paid by the Commissioner to the deposit initiator shall not exceed the amount paid by the deposit initiator under subdivision (1) of this subsection (c) less amounts paid to the initiator pursuant to this subdivision (2) in the previous four quarterly filings.

(3) Except as expressly provided otherwise in this chapter, all the administrative provisions of 32 V.S.A. chapter 151, including those relating to collection, enforcement, interest, and penalty charges, shall apply to the remittance of abandoned beverage container deposits.

(4) A deposit initiator may within 60 days after the date of mailing of a notice of deficiency, the date of a full or partial denial of a request for

reimbursement, or the date of an assessment petition the Commissioner of Taxes in writing for a hearing and determination on the matter. The hearing shall be subject to and governed by 3 V.S.A. chapter 25. Within 30 days after a determination, an aggrieved deposit initiator may appeal a determination by the Commissioner of Taxes to the Washington Superior Court or the Superior Court of the county in which the deposit initiator resides or has a place of business.

(5) Notwithstanding any appeal, upon finding that a deposit initiator has failed to remit the full amount required by this chapter, the Commissioner of Taxes may treat any refund payment owed by the Commissioner to a deposit initiator as if it were a payment received and may apply the payment in accordance with 32 V.S.A. § 3112.

~~(d)~~(c) The Secretary of Natural Resources may prohibit the sale of a beverage that is sold or distributed in the State by a deposit initiator who fails to comply with the requirements of this chapter. The Secretary may allow the sale of a beverage upon the deposit initiator's coming into compliance with the requirements of this chapter.

~~(e)~~(d) Data reported to the Secretary of Natural Resources and the Commissioner of Taxes by a deposit initiator under this section shall be confidential business information exempt from public inspection and copying under 1 V.S.A. § 317(c)(9) but shall not be confidential return information under 32 V.S.A. § 3102, provided that the Commissioner of Taxes may use and disclose such information in summary or aggregated form that does not directly or indirectly identify individual deposit initiators except to the Secretary of Natural Resources in relation to the administration of this chapter.

§ 1531. MANUFACTURER AND DISTRIBUTOR PARTICIPATION IN PRODUCER RESPONSIBILITY ORGANIZATION

(a) No deposit initiator shall sell or distribute a beverage container in this State without participating in a Secretary-approved producer responsibility organization.

(b) On or before January 1, 2027, the deposit initiator of beverage containers sold or distributed within the State shall apply to the Secretary to form a producer responsibility organization to fulfill the requirements of deposit initiators under this chapter.

(c) The Secretary may approve, for a period not longer than 10 years, the producer responsibility organization, provided that:

(1) the producer responsibility organization or its subsidiary is registered under 26 U.S.C. § 501(c)(3) as a nonprofit entity;

(2) the producer responsibility organization has the capacity to administer the requirements of a stewardship plan required by section 1532 of this title; and

(3) the producer responsibility organization does not create any unreasonable barriers to joining the producer responsibility organization and shall take into the consideration the needs of small manufacturers that do not generate a significant volume of containers.

(d) After approval, the producer responsibility organization shall maintain a website that identifies:

(1) the name and principal business address of each manufacturer or distributor participating in the producer responsibility organization;

(2) the name of each beverage and the container size covered by the stewardship plan; and

(3) for each beverage container subject to the plan, a Universal Product Code and a barcode shall be displayed on the container.

(e) The producer responsibility organization may charge fees to deposit initiators to cover the costs of administration and implementation of this chapter. Deposit initiators shall pay all fees required by the producer responsibility organization and provide any data required by the producer responsibility organization. If a deposit initiator fails to meet these requirements, the producer responsibility organization may remove it from the producer responsibility organization.

(f) If the producer responsibility organization fails to implement the requirements of this chapter, the rules adopted by the Secretary, or an approved stewardship plan, the Secretary may dissolve the producer responsibility organization.

(g) If no producer responsibility organization is formed, the Secretary shall either require the formation of the producer responsibility organization or adopt and administer a plan that meets the requirements of section 1532 of this title. If the Secretary administers the plan adopted under section 1532 of this title, the Secretary shall charge each deposit initiator the costs of plan administration, the Agency's oversight costs, and a recycling market development assessment of 25 percent of the plan's total cost to be deposited in the Solid Waste Management Assistance Account of the Waste Management Assistance Fund, for the purpose of providing grants to develop markets to recycle materials.

(h) The producer responsibility organization shall reimburse the Secretary for the costs of overseeing the administration of the program under this chapter as follows:

(1) The Secretary shall annually provide an estimate of the costs of overseeing the administration of the program to the producer responsibility organization, including staff costs, compliance, and oversight of the system.

(2) The producer responsibility organization shall provide any comments to the Secretary's budget within 30 days following receipt. The Agency of Natural Resources shall respond to all comments provided by the producer responsibility organization and may make changes to its budget in response to those comments. These comments and the responses shall be provided to the General Assembly as a part of the Secretary's budget.

(3) Reimbursement of Agency of Natural Resources costs under this subsection shall be subject to the State budgeting process, and the producer responsibility organization shall not be required to reimburse any Agency cost unless that cost is approved as a part of the Agency's budget.

(i) Manufacturers and distributors of liquor are exempt from the requirements of this section and the requirement to implement a stewardship plan under section 1532 of this title.

§ 1532. STEWARDSHIP PLAN; MINIMUM REQUIREMENTS

(a) Plan elements. On or before April 1, 2028, an approved producer responsibility organization shall submit a stewardship plan to the Secretary. A stewardship plan shall, at a minimum, meet all of the following requirements of this section:

(1) Convenience of collection.

(A) A plan shall ensure that consumers have convenient opportunities to redeem beverage containers. The plan shall take reasonable efforts to site points of redemption equitably across all regions of the State to allow for convenient and reasonable access of all Vermonters to redemption opportunities. A plan shall document how redemption services will be available to consumers as follows:

(i) at least three points of redemption per county, at least one of which provides an immediate return of a deposit to a consumer;

(ii) at least one point of redemption per municipality with a population of 7,000 or more persons that provides an immediate return of a deposit to a consumer unless the Secretary determines that requiring an

immediate return of deposit would create an impediment to effective redemption under the plan; and

(iii) how sites of redemption are or will be sited in areas with high population density or located in centers designated under 24 V.S.A. chapter 76A.

(B) The producer responsibility organization may propose in its plan to remove retail redemption locations required by subdivision 1523(a)(2) of this title. When proposing to remove these retail locations, the producer responsibility organization shall document how the location is adequately served by other points of redemption. The Secretary shall not approve any reduction that reduces the points of redemption below the levels required under subdivisions (1)(A)(i) and (ii) of this subsection (a). The Secretary may require additional points of redemption based on the location of proposed or existing points of redemption, shopping patterns, and the convenience of redeeming beverage containers.

(C) The producer responsibility organization may not use only single-feed reverse vending machines or only mobile points of redemption as the point of redemption to satisfy the requirement under subdivision (1)(A)(i) of this subsection (a) except where the producer responsibility organization documents that the population and retail density of the county is adequately served by the use of these forms of collection.

(D) The producer responsibility organization shall ensure that points of redemption have the operational capacity to redeem beverage containers. This includes training on the use of equipment, providing service of equipment in a reasonable time if there are issues, and providing pick-up of collected containers from the point of redemption in a reasonable period from receiving a request.

(2) Fair operation and compensation to redemption centers. The plan shall satisfy all of the following requirements:

(A) The plan shall describe how all locations that redeem beverage containers are fairly compensated for their participation in the collection program provided that the producer responsibility organization shall pay each location that redeems beverage containers:

(i) four and one-half cents per container for all other means of redemption at a location; or

(ii) according to a separate compensation agreement negotiated between a redemption location or a group of redemption locations that redeems beverage containers and the producer responsibility organization.

(B) There shall not be barriers to the participation in the collection program for a redemption center, except for restrictions that are authorized by the Secretary.

(C) The plan shall describe how management and sorting of containers at points of redemption is minimized. The plan shall document how brand sorting will be eliminated at points of redemption.

(D) The plan shall describe how materials will be picked up from points of redemption on a timely basis.

(E) The plan shall maximize the use of existing infrastructure, when establishing points of redemption under subdivision (1) of this subsection (a).

(F) Consistent with guidelines developed by the Secretary, the producer responsibility organization shall use binding dispute resolution to resolve any disputes that arise surrounding negotiation of separate compensation agreements between the producer responsibility organization and points of redemption. This process shall be implemented using a neutral third-party decision maker agreed to by all parties.

(G) After the plan is effective for two years and six months, the producer responsibility organization shall submit a report on fair compensation to the Secretary. The report shall either describe how the producer responsibility organization has adjusted compensation for points of redemption or document why such an adjustment is not necessary.

(3) Redemption amount. The producer responsibility organization or a point of redemption operating under the plan shall pay a person presenting a beverage container for redemption the refund value of the beverage container as established by section 1522 of this title.

(4) Collection location standards. All locations that provide for redemption of beverage containers shall:

(A) provide timely redemption services that limit the need for persons redeeming containers to wait for redemption services;

(B) be at sites that are secure, sufficiently lighted, and managed to ensure the safety of persons redeeming containers at a location;

(C) be open and accepting beverage containers:

(i) in the case of a fixed point of redemption, at least 35 hours per week, including six consecutive hours on Saturday; or

(ii) in the case of a mobile point of redemption, at least 15 hours per week, including at least four consecutive hours on Saturday; and

(D) comply with all applicable laws related to the collection, transportation, and disposition of mandated recyclables.

(5) Education to consumers. The plan shall describe what education efforts will be undertaken to increase the number of beverage containers redeemed in the State.

(6) Consultation with stakeholders. The producer responsibility organization shall consult with stakeholders on the development of the plan. The plan shall include processes for regular consultation, which shall take place not less than annually, with stakeholders, including the Agency, redemption centers, municipal and private recycling organizations, bag drop and reverse vending technology providers, and other stakeholders. Prior to submitting a proposed plan to the Agency, the producer responsibility organization shall allow the public to comment on the proposed plan. The producer responsibility organization shall either make changes in response to those comments or provide a written response on why the change was not made to the stakeholders and the Agency.

(7) The Agency shall publish the proposed and final approved plan on the Agency's website.

(b) Reporting. At a frequency required by the Secretary but not less than annually, the producer responsibility organization shall report the following to the Secretary:

(1) the name, address, and business hours of each redemption center participating in the approved stewardship plan and the number of redemption centers added or removed from the plan over the preceding year;

(2) the amount, in containers and tons, and material type of beverage containers redeemed under the plan and the redemption rate of beverage containers;

(3) the location and amount of beverage container material that was recycled and what products that beverage container material was recycled into;

(4) the carbon impacts associated with the administration of the stewardship plan;

(5) the costs associated with administration of the stewardship plan, including the costs of collection, management, and transportation of redeemed containers and the amount received for commodities;

(6) a description of any improvements made in the reporting year to increase ease and convenience for consumers to return beverage containers for redemption;

(7) efforts taken by or on behalf of the manufacturer or distributor to reduce environmental impacts throughout the product life cycle and to increase reusability or recyclability at the end of the life cycle by material type;

(8) efforts taken by or on behalf of the producer responsibility organization to improve the environmental outcomes of the program by improving operational efficiency, such as reduction of truck trips through improved material handling or compaction or the increased use of refillable containers in a local refilling system;

(9) a description and copies of educational materials and educational strategies the producer responsibility organization uses for the purposes of this program; and

(10) any additional information required by the Secretary.

(c) Review of stewardship plan.

(1) Within 90 days after receipt of a plan submitted under this section, the Secretary shall review the plan and determine whether to approve the plan, deny the plan, or require an amendment to the plan. The Secretary may amend or add conditions to the plan as a part of the approval. The plan shall be approved after concluding that the plan meets the criteria established in this section and the elements of the plan will maximize diversion of recyclable materials, provide convenience to users, and create a more circular economy. If the plan is denied, the Secretary shall provide a basis for that denial and the producer responsibility organization shall submit a revised plan addressing these issues within 60 days following the notice of denial.

(2) At least six months prior to the expiration of the plan, the producer responsibility organization shall submit a renewal to the stewardship plan. Renewals shall address all elements considered in the original plan and shall be considered in the same manner as an original plan. The Secretary shall issue a final determination on an application for renewal not later than 90 days before the expiration of the plan.

(3) The Secretary's approval pursuant to this subsection shall be for a period not greater than five years.

(d) Plan implementation. The producer responsibility organization shall implement the approved plan on March 1, 2029.

(e) Revision of stewardship goals. If the producer responsibility organization fails to meet the beverage container redemption rate in section 1534 of this title for all other beverage containers, the Secretary may require the producer responsibility organization to implement activities to enhance the

rate of redemption, including additional public education and outreach, additional redemption sites, or additional redemption opportunities.

§ 1533. PROGRAM AND FISCAL AUDIT

(a) Program audit. Beginning on October 1, 2033, and every five years thereafter, the producer responsibility organization shall conduct an independent third-party program audit of the operation of the stewardship plan. The program audit shall examine how the product stewardship organization compensates redemption centers as a part of its report. The audit shall make recommendations to improve the operation of the collection program established by this chapter, including any recommendation to the compensation structure for redemption centers.

(b) Fiscal audit. Beginning on October 1, 2030, and annually thereafter, the producer responsibility organization shall conduct an independent third-party fiscal audit of the program. The fiscal audit shall provide a transparent fiscal analysis of the producer responsibility organization, its expenditures, the number of beverage containers collected, and the amount of unclaimed deposits. The audit shall also provide the redemption rate of beverage containers redeemed in the State. The Secretary shall approve the audit results and the redemption rate of beverage containers included in the audit.

(c) Submission to Secretary. The results of each audit required under subsections (a) and (b) of this section shall be submitted to the Secretary for purposes of reviewing performance of the stewardship plan and for oversight of the requirements of this chapter.

§ 1534. BEVERAGE CONTAINER REDEMPTION RATE GOAL; REPORT

(a) It is a goal of the State that the following minimum beverage container redemption rates shall be satisfied by the specified dates:

(1) Beginning on July 1, 2030: 75 percent.

(2) Beginning on July 1, 2033: 80 percent.

(b)(1) Beginning on December 1, 2030, and annually thereafter, the Secretary of Natural Resources shall submit to the House Committees on Environment and on Ways and Means and the Senate Committees on Natural Resources and Energy and on Finance a written report containing the current beverage container redemption rate in the State for the following two categories of beverage containers:

(A) liquor bottles; and

(B) all other beverage containers.

(2) Each annual report submitted under subdivision (1) of this subsection shall include a recommendation of whether the beverage container deposit for either of the beverage container categories should be increased to improve redemption of that category of beverage container.

§ 1535. RULEMAKING

The Secretary may adopt rules, in accordance with 3 V.S.A. chapter 25, necessary for the administration of this chapter.

§ 1536. ANTITRUST; CONDUCT AUTHORIZED

(a) Activity authorized. A manufacturer, distributor, group of manufacturers or distributors, or producer responsibility organization implementing or participating in an approved collection plan under this chapter for the collection, transport, processing, and management of beverage container is individually or jointly immune from liability for conduct under State laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce under 9 V.S.A. chapter 63, subchapter 1 to the extent that the conduct is reasonably necessary to plan, implement, and comply with the producer responsibility organization's chosen system for beverage containers.

(b) Limitations on antitrust activity. Subsection (a) of this section shall not apply to an agreement among manufacturers, distributors, groups of manufacturers or distributors, retailers, wholesalers, or the producer responsibility organization affecting the price of beverage containers or any agreement restricting the geographic area in which or customers to whom beverage containers shall be sold.

Sec. 2. 10 V.S.A. § 1523 is amended to read:

§ 1523. ACCEPTANCE OF BEVERAGE CONTAINERS

(a) Except as provided in section 1522 of this title:

(1) A retailer shall not refuse to accept from any person any empty beverage containers, labeled in accordance with section 1524 of this title, of the kind, size, and brand sold by the retailer, and a retailer or a redemption center shall not refuse to pay to that person the refund value of a beverage container as established by section 1522 of this title, except as provided in subsections (b) or (c) of this section.

(2) ~~A manufacturer or distributor may~~ The producer responsibility organization shall not refuse to pick up from a retailer that sells its product or a person operating a certified redemption center any point of redemption included in the stewardship plan empty beverage containers, labeled in

accordance with section 1524 of this title, ~~of the kind, size, and brand sold by the manufacturer or distributor,~~ or refuse to pay the retailer or a person ~~operating a redemption center~~ point of redemption the refund value of a beverage container as established by section 1522 of this title.

(b)(1) ~~A retailer, with the prior approval of the Secretary, may refuse to redeem beverage containers if a redemption center or centers are established that serve the public need~~ stewardship plan that meets the requirements of section 1532 of this title has been implemented by the producer responsibility organization in the State and the retailer's building is less than 5,000 square feet.

(2) A manufacturer that sells directly to a consumer from a retail location may refuse to redeem beverage containers if the retail location where the manufacturer or distributor sells beverage containers is less than 5,000 square feet.

(c) ~~A retailer or a person operating a redemption center may~~ point of redemption or producer responsibility organization shall refuse to redeem beverage containers that are not clean ~~or~~ are broken ~~and shall not redeem beverage containers that~~ are not labeled in accordance with section 1524 of this title, were known to have been purchased out of State, have already been redeemed, or are not registered with the producer responsibility organization pursuant to subsection 1531(d) of this title.

Sec. 3. 10 V.S.A. § 7714 is amended to read:

§ 7714. TYPE 3 PROCEDURES

(a) Purpose; scope.

(1) The purpose of this section is to establish the public notice and comment requirements that the Department must follow when adopting general permits, except for general permits governed by section 7712 of this chapter, and when considering other permits listed in this section.

(2) The procedures under this section shall be known as Type 3 Procedures. This section governs each of the following:

(A) Each general permit issued pursuant to the Secretary's authority under this title other than a general permit subject to section 7712 of this chapter. However, this section does not apply to a notice of intent under a general permit.

(B) Issuance of a dam safety order under chapter 43 of this title, except for an unsafe dam order under section 1095 of this title.

(C) An application or request for approval of:

(i) an aquatic nuisance control permit under chapter 50 of this title;

(ii) a change in treatment for a public water supply under chapter 56 of this title;

(iii) a collection plan for mercury-containing lamps under section 7156 of this title;

(iv) an individual plan for the collection and recycling of electronic waste under section 7554 of this title;

(v) a primary battery stewardship plan under section 7586 of this title;

(vi) a covered household products collection plan under section 7813 of this title; and

(vii) a stewardship plan required under chapter 53 of this title.

(b) Notice of application. The Secretary shall provide notice of an administratively complete application through the environmental notice bulletin.

(c) Notice of draft decision; comment period. The Secretary shall provide notice of the draft decision through the environmental notice bulletin and shall post the draft decision to the bulletin. The Secretary shall provide a public comment period.

(d) Public meeting. The Secretary shall hold a public meeting whenever any person files a written request for such a meeting. The Secretary otherwise may hold a public meeting at ~~his or her~~ the Secretary's discretion.

(e) Notice of final decision. The Secretary shall provide notice of the final decision through the environmental notice bulletin and shall post the final decision to the bulletin. The Secretary shall provide a response to comments.

Sec. 4. 10 V.S.A. § 1388 is amended to read:

§ 1388. CLEAN WATER FUND

(a) There is created a special fund to be known as the Clean Water Fund to be administered by the Secretary of Administration. The Fund shall consist of:

(1) revenues from the Property Transfer Tax surcharge established under 32 V.S.A. § 9602a;

(2) other gifts, donations, and impact fees received from any source, public or private, dedicated for deposit into the Fund and approved by the Secretary of Administration;

(3) the unclaimed beverage container deposits (escheats) remitted to the State under chapter 53 of this title, except as follows:

(A) in State fiscal year 2030, the Secretary may transfer up to \$1,000,000.00 to the Solid Waste Management Assistance Account of the fund created pursuant to section 6618 of this title for grants pursuant to subdivision 6618(b)(11) of this title;

(B) in State fiscal year 2031, the Secretary may transfer up to \$1,000,000.00 to the Solid Waste Management Assistance Account of the fund created pursuant to section 6618 of this title for grants pursuant to subdivision 6618(b)(11) of this title;

(C) in State fiscal year 2032, the Secretary may transfer up to \$750,000.00 to the Solid Waste Management Assistance Account of the fund created pursuant to section 6618 of this title for grants pursuant to subdivision 6618(b)(11) of this title; and

(D) in State fiscal year 2033, the Secretary may transfer up to \$750,000.00 to the Solid Waste Management Assistance Account of the fund created pursuant to section 6618 of this title for grants pursuant to subdivision 6618(b)(11) of this title;

(4) six percent of the revenues from the meals and rooms taxes imposed under 32 V.S.A. chapter 225; and

(5) other revenues dedicated for deposit into the Fund by the General Assembly.

(b) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, subchapter 5, unexpended balances and any earnings shall remain in the Fund from year to year.

Sec. 5. 10 V.S.A. § 6618 is amended to read:

§ 6618. WASTE MANAGEMENT ASSISTANCE FUND

(a) There is hereby created in the State Treasury a fund to be known as the Waste Management Assistance Fund to be expended by the Secretary of Natural Resources. The Fund shall have three accounts: one for Solid Waste Management Assistance, one for Hazardous Waste Management Assistance, and one for Electronic Waste Collection and Recycling Assistance. The Hazardous Waste Management Assistance Account shall consist of a percentage of the tax on hazardous waste under the provisions of 32 V.S.A.

chapter 237, as established by the Secretary; the toxics use reduction fees under subsection 6628(j) of this title; and appropriations of the General Assembly. In no event shall the amount of the hazardous waste tax that is deposited to the Hazardous Waste Management Assistance Account exceed 40 percent of the annual tax receipts. The Solid Waste Management Assistance Account shall consist of the franchise tax on waste facilities assessed under the provisions of 32 V.S.A. chapter 151, subchapter 13; transfers from the Clean Water Fund; and appropriations of the General Assembly. The Electronic Waste Collection and Recycling Account shall consist of the program and implementation fees required under section 7553 of this title. All balances in the Fund accounts at the end of any fiscal year shall be carried forward and remain a part of the Fund accounts, except as provided in subsection (e) of this section. Interest earned by the Fund shall be deposited into the appropriate Fund account. Disbursements from the Fund accounts shall be made by the State Treasurer on warrants drawn by the Commissioner of Finance and Management.

(b) The Secretary may authorize disbursements from the Solid Waste Management Assistance Account for the purpose of enhancing solid waste management in the State in accordance with the adopted waste management plan. This includes:

* * *

(11) The Secretary shall enter a grant agreement with the producer responsibility organization approved under chapter 53 of this title for bottle bill implementation. The grant shall be for four years and reimburse the cost of equipment and improvements to infrastructure documented by the producer responsibility organization in its approved stewardship plan. Grants shall be limited as follows: in fiscal year 2030, not more than \$1,000,000.00; in fiscal year 2031, not more than \$1,000,000.00; in fiscal year 2032, not more than \$750,000.00; and in fiscal year 2033, not more than \$750,000.00.

Sec. 6. AGENCY OF NATURAL RESOURCES REPORT;
STATUS OF IMPLEMENTATION OF STEWARDSHIP PLAN FOR
REDEMPTION OF BEVERAGE CONTAINERS

On or before January 1, 2030, the Secretary of Natural Resources shall submit to the House Committee on Environment and the Senate Committee on Natural Resources and Energy a report on the status of the implementation of a stewardship plan for the redemption of beverage containers by the producer responsibility organization required under 10 V.S.A. chapter 53. The report shall:

(1) summarize the approved stewardship plan for redemption of beverage contains, including how the plan complied with the statutory requirements for convenience of collection for consumers and fair compensation for points of redemption;

(2) describe how the producer responsibility organization has updated or plans to implement redemption technologies to modernize redemption services and improve the convenience and efficiency of redemption services in the State; and

(3) provide any other information that the Secretary deems relevant to the implementation and administration of the stewardship plan for redemption of beverage containers.

Sec. 7. 10 V.S.A. § 1532(a)(2) is amended to read:

(2) Fair operation and compensation to redemption centers. The plan shall satisfy all of the following requirements:

(A) The plan shall describe how all locations that redeem beverage containers are fairly compensated for their participation in the collection program ~~provided that the producer responsibility organization shall pay each location that redeems beverage containers:~~

~~(i) four and one-half cents per container for all other means of redemption at a location; or~~

~~(ii) according to a separate compensation agreement negotiated between a redemption location or a group of redemption locations that redeems beverage containers and the producer responsibility organization. The producer responsibility organization and a redemption location or groups of redemption locations shall negotiate how the redemption location or locations shall be compensated for collection of containers under the plan.~~

* * *

Sec. 8. REPEALS

(a) In Sec. 1 of this act, 10 V.S.A. § 1529 (redemption center certification) is repealed on March 1, 2029.

(b) In Sec. 5 of this act, 10 V.S.A. § 6618(b)(11) (producer responsibility implementation grants) is repealed on October 1, 2033.

(c) 10 V.S.A. § 1528 (beverage registration) is repealed on March 1, 2029.

Sec. 9. 10 V.S.A. § 7182 is amended to read:

§ 7182. SALE OF COVERED HOUSEHOLD HAZARDOUS PRODUCTS;
STEWARDSHIP ORGANIZATION REGISTRATION;
MANUFACTURER REGISTRATION

* * *

(b) Stewardship organization registration requirements.

(1) On or before July 1, 2025, a stewardship organization shall file a registration form with the Secretary. The Secretary shall provide the registration form to the stewardship organization. The registration form shall include:

(A) a description of how the stewardship organization meets the requirements of subsection 7184(b) of this title, including any reasonable requirements for participation in the stewardship organization; and

(B) the name, address, and contact information of a person for a nonmember manufacturer to contact regarding how to participate in the stewardship organization to satisfy the requirements of this chapter.

(2) Beginning on July 1, ~~2026~~ 2028, and annually thereafter, a stewardship organization shall renew its registration with the Secretary. A renewal registration shall include the following:

(A) a list of the manufacturers participating in the stewardship organization;

(B) a list of the brands of each manufacturer participating in the stewardship organization;

(C) a list of the covered household hazardous products of each manufacturer participating in the stewardship organization;

(D) the name, address, and contact information of a person responsible for ensuring compliance with this chapter;

(E) a description of how the stewardship organization meets the requirements of subsection 7184(b) of this title, including any reasonable requirements for participation in the stewardship organization; and

(F) the name, address, and contact information of a person for a nonmember manufacturer to contact regarding how to participate in the stewardship organization to satisfy the requirements of this chapter.

* * *

Sec. 10. 10 V.S.A. § 7183 is amended to read:

§ 7183. COLLECTION PLANS

(a) Collection plan required. On or before July 1, 2026, any stewardship organization registered with the Secretary as representing manufacturers of covered household hazardous products shall coordinate and submit to the Secretary for review ~~one collection plan for all manufacturers~~ a collection plan that addresses how covered household hazardous products enrolled in that plan meet the requirements of this chapter.

* * *

Sec. 11. 10 V.S.A. § 7187 is amended to read:

§ 7187. AGENCY RESPONSIBILITIES

(a) Review and approve collection plans. The Secretary shall review and approve or deny collection plans submitted under section 7183 of this title according to the public notice and comment requirements of section 7714 of this title.

* * *

(h) Reimbursement of Agency oversight costs. The stewardship organization shall reimburse the Secretary for the costs of overseeing the administration of the program under this chapter as follows:

(1) The Secretary shall annually provide an estimate of the costs of overseeing the administration of the household hazardous products collection program to the stewardship organization, including staff costs, compliance, and oversight of the system.

(2) The stewardship organization shall provide any comments to the Secretary's budget within 30 days following receipt. The Agency of Natural Resources shall respond to all comments provided by the stewardship organization and may make changes to its budget in response to those comments. These comments and the responses shall be provided to the General Assembly as a part of the Secretary's budget.

(3) Reimbursement of Agency of Natural Resources costs under this subsection shall be subject to the State budgeting process, and the stewardship organization shall not be required to reimburse any Agency cost unless that cost is approved as a part of the Agency's budget.

Sec. 12. TRANSITION

(a) Beginning on July 1, 2027, a group of manufacturers may register a new stewardship organization covering a class of household hazardous products and their packages when collected together. There shall be only one stewardship organization per class of products; however, there may be more

than one stewardship program administering the requirements of 10 V.S.A. chapter 164B.

(b) Beginning on July 1, 2027, an approved stewardship organization covering a class of household hazardous products may submit a plan for the products covered by that approved stewardship organization. In addition to the elements covered by 10 V.S.A. § 7183, the plan shall describe any transition from the previously approved plan. The Secretary shall have 120 days to review and approve or reject any plan submitted under this section. That plan shall take effect on or before July 1, 2030.

Sec. 13. EFFECTIVE DATES

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

(1) in Sec. 1, 10 V.S.A. § 1524(c) (requiring a UPC label on containers) shall take effect on July 1, 2027;

(2) in Sec. 1, 10 V.S.A. § 1531(a) (prohibiting sale or distribution without participating in the producer responsibility organization) shall take effect on July 1, 2027;

(3) Sec. 2 (acceptance of beverage containers after plan implementation) shall take effect on March 1, 2029;

(4) in Sec. 5, 10 V.S.A. § 6618(b)(11) (capital implementation grants) shall take effect on July 1, 2029; and

(5) Sec. 7 (repeal of handling fees under the beverage container stewardship plan) shall take effect on July 1, 2030.

(Committee vote: 5-0-0)

(No House amendments)

Reported favorably by Senator Hardy for the Committee on Finance.

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Natural Resources and Energy.

(Committee vote: 4-2-1)

House Proposal of Amendment

S. 198.

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

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

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 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 Office of the Attorney General, in collaboration with the Departments of Taxes and of Liquor and Lottery and in consultation with wholesale dealers and other interested stakeholders, shall:

(1) identify efficient and effective processes by which to impose taxes on tobacco products and tobacco substitutes, as defined in 7 V.S.A. § 1001, as amended by this act, including opportunities to base taxation on a product's nicotine concentration or on the volume of a product's nicotine tank, or both; and

(2) evaluate the continued use of tax stamps in this State as evidence of payment of the excise tax on tobacco products and tobacco substitutes, as defined in 7 V.S.A. § 1001, as amended by this act; explore the potential to transition to a more modern process, such as quick-response (QR) codes or other digitized systems; and consider the advantages and disadvantages of using alternative approaches for certifying tax compliance.

(b) On or before January 15, 2027, the Office of the Attorney General shall provide its findings and recommendations for the items set forth in subsection (a) of this section, including proposed next steps and legislative needs, to the House Committees on Commerce and Economic Development, 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.

House Proposal of Amendment to Senate Proposal of Amendment

H. 639

An act relating to genetic data privacy

The House concurs in the Senate proposal of amendment with further proposal of amendment thereto in Sec. 1, 9 V.S.A. chapter 61A, in section 2421c, by striking out subsection (c) in its entirety and inserting in lieu thereof a new 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 subdivision 2421b(a)(1) or subsection 2421b(b) or 2421b(f) 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.

(3) There is no cure period for any other alleged violation of this subchapter.

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission and the Cannabis Control Board, underlined below, shall be fully and separately acted upon.

Jon Murad of Burlington, VT – Commissioner of the Department of Corrections – By Senator Plunkett for the Committee on Institutions (May 13, 2026)

Rick Hildebrant of Clarendon, VT – Commissioner, Department of Health – By Senator Benson for the Committee on Health and Welfare (May 15, 2026)

Sandi Hoffman of Essex Junction, VT – Commissioner, Department for Children and Families – By Senator Gulick for the Committee on Health and Welfare (May 15, 2026)

Gail Falk of Plainfield, VT – Public Member of the Board of Medical Practice – By Senator Cummings for the Committee on Health and Welfare (May 19, 2026)

Sara Teachout of Stowe, VT – Member of the Green Mountain Care Board – By Senator Gulick for the Committee on Health and Welfare (May 15, 2026)

Owen Foster of Jericho, VT – Chair of the Green Mountain Care Board – By Senator Lyons for the Committee on Health and Welfare (May 19, 2026)