
Senate Calendar

FRIDAY, MAY 22, 2026

SENATE CONVENES AT: 10:00 A.M.

TABLE OF CONTENTS

Page No.

ACTION CALENDAR

CONSIDERATION POSTPONED UNTIL MAY 22, 2026

Second Reading

Favorable with Proposal of Amendment

H. 928 An act relating to technical corrections to fish and wildlife statutes	
Natural Resources and Energy Report - Sen. Williams	3996
Finance Report - Sen. Hardy	3999
Amendment - Sens. Hardy, et al	4001

UNFINISHED BUSINESS OF MAY 19, 2026

Second Reading

Favorable with Proposal of Amendment

H. 955 An act relating to next steps in transforming Vermont's education system	
Finance Report - Sen. Cummings	4002
Appropriations Report - Sen. Perchlik	4086

UNFINISHED BUSINESS OF MAY 20, 2026

House Proposal of Amendment

S. 243 An act relating to distributing funds to the Vermont Language Justice Project	
House Proposal of Amendment	4087

UNFINISHED BUSINESS OF MAY 21, 2026

Second Reading

Favorable with Proposal of Amendment

H. 710 An act relating to defining electricity generating facilities	
---	--

Natural Resources and Energy Report - Sen. Watson	4088
Appropriations Report - Sen. Watson	4092
Amendment - Sen. Ingalls	4092

NEW BUSINESS

Third Reading

H. 527 An act relating to extending the sunset of 30 V.S.A. § 248a.....	4093
H. 686 An act relating to expanding identification of certain lobbying advertisements.....	4093
H. 757 An act relating to manufactured homes and limited equity cooperatives.....	4093
H. 817 An act relating to mental health literacy and peer-to-peer supports in schools.....	4093
H. 902 An act relating to approval of amendments to the charter of the City of Barre.....	4094
H. 953 An act relating to approval of an amendment to the charter of the Town of Panton.....	4094

Second Reading

Favorable with Proposal of Amendment

H. 915 An act relating to establishing an extended producer responsibility program for beverage containers	
Natural Resources and Energy Report - Sen. Beck	4094
Finance Report - Sen. Hardy	4118
Appropriations Report - Sen. Watson	4118

House Proposal of Amendment

S. 326 An act relating to miscellaneous amendments to laws relating to motor vehicles	
House Proposal of Amendment	4118

Report of Committee of Conference

H. 660 An act relating to fiscal year 2027 Opioid Abatement Special Fund appropriations	
Committee of Conference Report	4138
H. 816 An act relating to regulating the use of artificial intelligence in the provision of mental health services	
Committee of Conference Report	4145

NOTICE CALENDAR

Second Reading

Favorable with Proposal of Amendment

- H. 542** An act relating to terminating testing of schools in Vermont for polychlorinated biphenyls
Education Report - Sen. Ram Hinsdale 4149
Finance Report - Sen. Gulick 4154
Appropriations Report - Sen. Watson 4155
- H. 775** An act relating to creating tools for housing production
Econ.Dev., Housing & General Affairs Reports - Sen. Clarkson 4155
Natural Resources and Energy Report - Sen. Watson 4168

House Proposal of Amendment

- S. 197** An act relating to payment reform for primary care
House Proposal of Amendment 4169
- S. 328** An act relating to housing and common interest communities
House Proposal of Amendment 4176

House Proposal of Amendment to Senate Proposal of Amendment

- H. 907** An act relating to legislative review of reporting requirements
House Proposal of Amendment to Senate Proposal of Amendment 4190

Report of Committee of Conference

- S. 223** An act relating to water quality of the waters of Vermont
Committee of Conference Report 4197
- H. 642** An act relating to youthful offender proceedings
Committee of Conference Report 4198

CONCURRENT RESOLUTIONS FOR ACTION

- H.C.R. 306-307** (For text of Resolutions, see Addendum to House Calendar for May 21, 2026) 4201

ORDERS OF THE DAY

ACTION CALENDAR

CONSIDERATION POSTPONED UNTIL MAY 22, 2026

Second Reading

Favorable with Proposal of Amendment

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 proposal 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)

Substitute amendment for the proposal of amendment of the Committee on Finance to H. 928, to be offered by Senators Hardy, Beck, Brock, Chittenden, Cummings, Gulick and Mattos

Senators Hardy, Beck, Brock, Chittenden, Cummings, Gulick and Mattos, move to substitute an amendment for the proposals of amendment of the Committee on Finance to read as follows:

That the Senate propose to the House to amend the bill 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/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

UNFINISHED BUSINESS OF TUESDAY, MAY 19, 2026

Second Reading

Favorable with Proposal of Amendment

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) 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 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.”

* * *

* * * Foundation Formula Transition Measures and Reports * * *

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)

UNFINISHED BUSINESS OF WEDNESDAY, MAY 20, 2026

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.

UNFINISHED BUSINESS OF THURSDAY, MAY 21, 2026

Second Reading

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)

Amendment to proposal of amendment of the Committee on Natural Resources and Energy to H. 710 to be offered by Senator Ingalls

Senator Ingalls moves to amend the proposal of amendment of the Committee on Natural Resources and Energy by inserting a new section to be Sec. 5a to read as follows:

Sec. 5a. 30 V.S.A. § 248 is amended to read:

§ 248. NEW GAS AND ELECTRIC PURCHASES, INVESTMENTS, AND FACILITIES; CERTIFICATE OF PUBLIC GOOD

* * *

(b) Before the Public Utility Commission issues a certificate of public good as required under subsection (a) of this section, it shall find that the purchase, investment, or construction:

* * *

(2)(A) Is required to meet the need for present and future demand for service that could not otherwise be provided in a more cost-effective manner through energy conservation programs and measures and energy-efficiency and load management measures, including those developed pursuant to the provisions of subsection 209(d), section 218c, and subsection 218(b) of this title. In determining whether this criterion is met, the Commission shall assess the environmental and economic costs of the purchase, investment, or construction in the manner set out under subdivision 218c(a)(1) (least cost integrated plan) of this title and, as to a generation facility, shall consider whether the facility will avoid, reduce, or defer transmission or distribution system investments.

(B) With respect to a solar energy generation facility sited on primary agricultural soils, to meet this criterion, a licensed professional engineering firm approved by the Department of Environmental Conservation shall perform a full-spectrum audit of energy payback time and carbon dioxide emissions at the cost of the applicant and the facility shall comply with the decommissioning requirements established in the Commission's rule.

* * *

NEW BUSINESS

Third Reading

H. 527.

An act relating to extending the sunset of 30 V.S.A. § 248a.

H. 686.

An act relating to expanding identification of certain lobbying advertisements.

H. 757.

An act relating to manufactured homes and limited equity cooperatives.

H. 817.

An act relating to mental health literacy and peer-to-peer supports in schools.

H. 902.

An act relating to approval of amendments to the charter of the City of Barre.

H. 953.

An act relating to approval of an amendment to the charter of the Town of Panton.

Second Reading

Favorable with Proposal of Amendment

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 carton~~ 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 beverage 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)

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: 4-1-2)

House Proposal of Amendment

S. 326.

An act relating to miscellaneous amendments to laws relating to motor vehicles.

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:

* * * Nondriver Identification Cards * * *

Sec. 1. 23 V.S.A. § 115 is amended to read:

§ 115. NONDRIVER IDENTIFICATION CARDS

(a)(1) Any Vermont resident who does not have an operator's license may make application to the Commissioner and be issued an identification card that is attested by the Commissioner as to true name, correct age, residential address unless the listing of another address is requested by the applicant or is otherwise authorized by law, and any other identifying data as the Commissioner may require that shall include, in the case of minor applicants, the written consent of the applicant's parent, guardian, or other person standing in loco parentis.

* * *

(4) An individual shall not hold at the same time an operator's license and a nondriver identification card issued pursuant to this section.

* * *

(g)(1) An identification card issued to a first-time applicant and any subsequent renewals by that ~~person~~ individual shall contain a photograph or

imaged likeness of the applicant.

(2) The photographic identification card shall be available at a location designated by the Commissioner.

~~(3)(A) An Except as otherwise provided pursuant to subdivision (B) of this subdivision (g)(3), an individual issued an identification card under this subsection that contains an imaged likeness section~~ may renew the individual's identification card by mail.

~~(B) Except that a renewal by an individual required to have a photograph or imaged likeness under this subsection must be made~~ An identification card issued pursuant to this section shall be renewed in person so that an updated imaged likeness of the individual is obtained not less often than at least once every nine years to permit an updated photograph or imaged likeness of the holder to be obtained.

* * *

~~(k) At the option of the applicant,~~ An applicant shall surrender the applicant's valid Vermont license may be surrendered in connection with an application for an identification card pursuant to this section. In those instances, the fee due under subsection (a) of this section shall be reduced by:

* * *

* * * Insufficient Funds for Fees * * *

Sec. 2. 23 V.S.A. § 110 is amended to read:

§ 110. ~~BAD CHECKS~~ INSUFFICIENT FUNDS RECEIVED FOR FEES

(a) Whenever any check or electronic funds transfer, including a credit or debit charge, issued in payment of any fee or for any other purpose is tendered to the Department of Motor Vehicles and payment is not honored by the bank on which the check is drawn or entity to which the electronic funds transfer is submitted, the Commissioner shall send a written notice of its nonpayment to the maker or person presenting the check and if the check is not immediately made good who provided insufficient funds and, if the required amounts are not promptly paid as required by the Commissioner, the Commissioner shall suspend the license or registration of the person or persons. In no case shall the license or registration be reinstated until settlement has been made in full. Settlement in full shall also include the payment of any penalties assessed by the State Treasurer.

(b) The Commissioner may require payment for any transaction solely by certified check or in cash from persons whose licenses or registrations are under suspension pursuant to subsection (a) of this section or from persons

who have repeatedly tendered checks or electronic payments to the Department that have not been honored ~~by the bank on which drawn.~~

* * *

* * * Penalties for Operation of Prohibited Vehicles in Smugglers' Notch * * *

Sec. 3. 23 V.S.A. § 1006b is amended to read:

§ 1006b. SMUGGLERS' NOTCH; WINTER CLOSURE OF VERMONT
ROUTE 108; VEHICLE OPERATION PROHIBITED

* * *

(b) Vehicle operation prohibition.

* * *

(2) The employer of an operator who is operating a vehicle in the scope of employment and violates this subsection or the operator of a vehicle who is operating a vehicle for personal purposes and violates this subsection shall be subject to a civil penalty of ~~\$1,000.00~~ \$10,000.00 or, if the violation results in substantially impeding the flow of traffic on Vermont Route 108, a civil penalty of ~~\$2,000.00~~ \$20,000.00. For a second or subsequent conviction within a three-year period, the applicable penalty shall be doubled.

* * *

Sec. 4. SMUGGLERS' NOTCH; UPDATED SIGNAGE

The Agency of Transportation shall update signage leading to Smugglers' Notch that relates to the prohibitions and penalties set forth in 23 V.S.A. § 1006b to make drivers aware of the increased penalties for operating an oversize vehicle in Smugglers' Notch that are imposed pursuant to Sec. 3 of this act.

* * * Salvage Titles * * *

Sec. 5. 23 V.S.A. § 2091 is amended to read:

§ 2091. SALVAGE CERTIFICATES OF TITLE; FORWARDING OF
PLATES AND TITLES OF CRUSHED VEHICLES

* * *

(b)(1) Except as provided in subsection (c) of this section, the application shall be accompanied by:

(1)(A) any certificate of title for the vehicle; and

(2)(B) any other information or documents that the Commissioner may reasonably require to establish ownership of the vehicle and the existence or

nonexistence of any security interest in the vehicle.

(2)(A) Supporting documents used to transfer ownership of a vehicle to an insurer following payment of damages:

- (i) shall not require a notarized signature;
- (ii) may be signed electronically; and
- (iii) may be printed on hard copy.

(B) As used in this subdivision (b)(2):

(i) "Signed electronically" means that a person, with the intent to sign the record, uses an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person. For purposes of this subdivision (b)(2), an electronic signature on a supporting document shall utilize a secure authentication system that identifies the signatory with a degree of certainty equivalent to or greater than level 2 as described in the National Institute of Standards and Technology's June 2017 Digital Identity Guidelines, NIST Special Publication 800-63-3, Revision 3.

(ii) "Supporting documents" include bills of sale, title documents, odometer disclosure forms, and powers of attorney.

(C) An insurer shall indemnify and hold harmless the Department for any claims arising from the issuance of a certificate of title based upon supporting documents meeting the requirements of this subdivision (b)(2).

* * *

* * * Duplicate Titles * * *

Sec. 6. 23 V.S.A. § 2022 is amended to read:

§ 2022. DUPLICATE CERTIFICATE

(a) If a certificate of title is lost, stolen, mutilated, or destroyed or becomes illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the certificate, as shown by the records of the Commissioner, shall promptly make application for and may obtain a duplicate title upon furnishing information satisfactory to the Commissioner. ~~It~~ The duplicate title shall be mailed or, if the person is at a Department of Motor Vehicles location, hand delivered to the first lienholder named in ~~it~~ the title or, if none, to the owner.

* * *

Sec. 7. 23 V.S.A. § 3801 is amended to read:

§ 3801. DEFINITIONS

Except when the context otherwise requires, as used in this chapter:

* * *

(20) "Title or certificate of title" means a written instrument or document that certifies ownership of a vessel, snowmobile, or all-terrain vehicle and is issued by the Commissioner or equivalent official of another jurisdiction.

* * *

Sec. 8. 23 V.S.A. § 3815 is amended to read:

§ 3815. DUPLICATE CERTIFICATE

(a) If a certificate of title is lost, stolen, mutilated, or destroyed or becomes illegible, the first lienholder or, if none, the owner or legal representative of the owner named in the certificate of title, as shown by the records of the Commissioner, shall promptly make application for and may obtain a duplicate title upon furnishing information satisfactory to the Commissioner. ~~It~~ The duplicate title shall be mailed or, if the person is at a Department of Motor Vehicles location, hand delivered to the first lienholder named in ~~it~~ the title or, if none, to the owner.

* * *

* * * Title Appeals * * *

Sec. 9. 23 V.S.A. § 2005 is amended to read:

§ 2005. APPEAL

A person aggrieved by an act or omission of the Commissioner under this chapter may appeal to the Civil Division of the Washington Unit of the Superior Court ~~for Washington County~~ in the same manner as is provided for in other civil actions.

* * * Abandoned Motor Vehicles * * *

Sec. 10. 23 V.S.A. § 2012 is amended to read:

§ 2012. EXEMPTED VEHICLES

No certificate of title need be obtained for:

* * *

(2) a vehicle;

(A) owned by a manufacturer or dealer and held for sale, even though incidentally moved on the highway or used for purposes of testing or demonstration, ~~or;~~

(B) used by an educational institution approved by the Agency of Education for driver training purposes; or

(C) a vehicle used by a manufacturer solely for testing;

* * *

Sec. 11. 23 V.S.A. § 2158 is amended to read:

§ 2158. FEES FOR TOWING; PUBLIC PROPERTY; FUNDING

(a)(1) A towing service may charge a fee of up to ~~\$125.00~~ \$250.00 for towing an abandoned motor vehicle from public property under the provisions of sections 2151–2157 of this subchapter.

(2) This fee shall be paid to:

(A) ~~the a~~ a towing service upon the issuance by the Department of Motor Vehicles of a certificate of abandoned motor ~~vehicles~~ vehicle under section 2156 of this title; or

(B) the Agency of Transportation if the Agency has a vehicle towed from a State right-of-way and submits proof acceptable to the Commissioner that the Agency has paid a towing service to tow the vehicle from the State right-of-way.

(3) The Commissioner of Motor Vehicles shall notify the Commissioner of Finance and Management, who shall issue payment to the towing service or Agency of Transportation, as applicable, for vehicles removed from public property.

* * *

Sec. 11a. 23 V.S.A. § 2154 is amended to read:

§ 2154. IDENTIFICATION AND RECLAMATION OF ABANDONED MOTOR VEHICLES

(a) The Department shall make a reasonable attempt to locate and provide notice to an owner of an abandoned motor vehicle.

* * *

(3) The Department shall maintain and keep current on its website a list of vehicles for which an application for a certificate of abandoned motor vehicle has been filed and contact information for Department personnel to whom evidence of ownership may be presented under subsection (b) of this section. At a minimum and to the extent permitted by federal law, the list shall include the vehicle's make; registration plate number or public vehicle identification number, or both if available; model; model year; and the name

and contact information of the person who applied for the certificate of abandoned motor vehicle.

* * *

* * * Diesel Fuel Tax * * *

Sec. 12. 23 V.S.A. § 3015 is amended to read:

§ 3015. COMPUTATION AND PAYMENT OF TAX

(a) Each report required under section 3014 of this title from licensed distributors, dealers, or users shall be accompanied by evidence of an electronic funds transfer payment or a remittance payable to the Department of Motor Vehicles for the amount of tax due, which shall be computed and transmitted in the following manner:

* * *

~~(3)~~(A)(b)(1) Distributors and dealers filing a report required under subsection 3014(a) of this title shall transmit payment of taxes due to the Department of Motor Vehicles by means of an electronic funds transfer.

~~(B)~~(2) Users filing a report required under subsection 3014(b) of this title shall transmit payment of taxes due to the Department of Motor Vehicles by means of an electronic funds transfer payment or by a remittance through the U.S. mail. If a remittance is sent through the U.S. mail properly addressed to the Department of Motor Vehicles, it shall be deemed received on the date shown by the postmark on the envelope containing the report only for purposes of avoiding penalty and interest. In the event a mailing date is affixed to the envelope by a machine owned by or under the control of the person submitting the report and the U.S. Post Office has corrected or changed the date stamped thereon by causing the official U.S. Post Office postmark to also be imprinted on the envelope, the date shown by the official Post Office postmark shall be the accepted date if different from the original postmark.

~~(4)~~(c) All taxes, interest, user license fees, and penalties collected by the Department of Motor Vehicles under this chapter shall be paid immediately to the State Treasurer and credited to the Transportation Fund.

~~(5)~~(d) Notwithstanding ~~subdivision (4)~~ subsection (c) of this section, the one cent per gallon fee imposed by this chapter shall be deposited into the Petroleum Cleanup Fund established by 10 V.S.A. § 1941. These fees shall be deemed the petroleum distributor licensing fee established by 10 V.S.A. § 1942.

* * * Operation of Snowmobiles * * *

Sec. 13. 23 V.S.A. § 3207 is amended to read:

§ 3207. PENALTIES AND REVOCATION OR SUSPENSION OF
REGISTRATION

* * *

(c) A person who violates any of the following sections of this title shall be subject to a civil penalty of \$135.00 for each violation:

~~§ 3202 operation of an unregistered snowmobile~~

* * *

(g) A person who violates the provisions of section 3202 of this chapter shall be subject to a civil penalty of \$450.00 for a first offense and \$500.00 for a second or subsequent offense within a three-year period.

(h) The Commissioner or his or her the Commissioner's authorized agent may suspend or revoke the registration of any snowmobile registered in this State and repossess the number and certificate to it, when he or she the Commissioner is satisfied that:

* * *

(h)(i) Civil penalties established under this section shall be mandatory and may shall not be reduced.

* * * Commercial Driver's Licenses * * *

Sec. 14. 23 V.S.A. § 4107 is amended to read:

§ 4107. COMMERCIAL DRIVER'S LICENSE REQUIRED

* * *

(d)(1) Notwithstanding the provisions of this section, during an emergency declared by the Governor, an employee of a State agency or a Vermont municipality may operate a commercial motor vehicle with a weight of 26,001 or more pounds without being required to hold a commercial driver's license while the emergency or emergency condition is ongoing if:

(A) expressly permitted to do so pursuant to the terms of the Governor's declaration; and

(B) the individual is performing official duties or activities related to the execution of emergency governmental functions pursuant to 49 C.F.R. 383.3(d)(2).

(2) An individual operating a vehicle pursuant to the provisions of this

subsection shall have a valid operator's license issued pursuant to chapter 9 of this title or the applicable laws of another state.

(3) As used in this subsection, "emergency" means a situation, condition, or event that involves significant imminent or ongoing risk to public health and safety, infrastructure, or property.

Sec. 15. 23 V.S.A. § 4110 is amended to read:

§ 4110. APPLICATION FOR COMMERCIAL DRIVER'S LICENSE OR
COMMERCIAL LEARNER'S PERMIT

(a) The application for a commercial driver's license or commercial learner's permit shall include the following:

* * *

(8)(A) The applicable fee for the commercial driver's license being applied for. The four-year fee for a commercial driver's license shall be \$108.00. The two-year fee shall be \$72.00. The one-year fee for a nondomiciled commercial driver's license shall be \$40.00. In those instances where the applicant surrenders a valid Vermont Class D license, the total fees due shall be reduced by:

* * *

Sec. 16. 23 V.S.A. § 4125 is amended to read:

§ 4125. TEXTING VIOLATIONS; HANDHELD MOBILE TELEPHONE
VIOLATIONS

(a) Definitions. As used in this section:

(1) "driving" "Driving" means operating a commercial motor vehicle on a public highway, including while temporarily stationary because of traffic, a traffic control device, or other momentary delays. "Driving" does not include operating a commercial motor vehicle with or without the motor running when the operator has moved the vehicle to the side of or off a highway and has halted in a location where the vehicle can safely remain stationary.

(2) "Hands-free use" means the use of a portable electronic device without utilizing either hand by employing an internal feature of, or an attachment to, the device or the commercial motor vehicle.

(3) "Public highway" means a State or municipal highway as defined in 19 V.S.A. § 1(12).

(4) "Securely mounted" means the portable electronic device is placed in an accessory specifically designed or built to support the hands-free use of a

portable electronic device that is not affixed to the windshield in violation of section 1125 of this title and either:

(A) is utilized in accordance with manufacturer specifications; or

(B) causes the portable electronic device to remain completely stationary under typical driving conditions.

(5) “Texting” means the reading or manual composing or sending of electronic communications, including text messages, instant messages, or email, using a portable electronic device.

(6) “Use” means the use of a portable electronic device in any way that is not a hands-free use, including an operator of a motor vehicle holding a portable electronic device in the operator’s hand or hands while operating a motor vehicle.

(b) General prohibition on texting.

(1) No operator shall engage in texting while driving a commercial motor vehicle on a public highway in Vermont or in a location that is either temporarily or permanently open to the public or the general circulation of vehicles.

(2) Texting while driving is permissible by operators of a commercial motor vehicle when necessary to communicate with law enforcement officials or other emergency services.

(3) ~~No person may~~ individual shall be issued traffic complaints alleging a violation of this section and a violation of section 1099 of this title from the same incident.

(4) The prohibition set forth in this subsection does not apply to:

(A) hands-free use;

(B) the activation or deactivation of hands-free use, provided the portable electronic device is securely mounted or the activation or deactivation is carried out through an internal feature of the device or the commercial motor vehicle being operated and without the operator utilizing either hand to hold the portable electronic device;

(C) the use of a global positioning or navigation system that is installed by the manufacturer of the commercial motor vehicle or securely mounted in the vehicle; or

(D) instances where the operator has moved the vehicle to the side of or off the public highway and has stopped the vehicle, with or without the

motor running, in a location where the vehicle can safely and lawfully remain stationary.

* * *

* * * Motorboat Validation Stickers * * *

Sec. 17. 23 V.S.A. § 3305 is amended to read:

§ 3305. FEES

* * *

(b)(1) Annually or biennially, the owner of each motorboat required to be registered by this State shall file an application for a number with the Commissioner of Motor Vehicles on forms approved by ~~him or her~~ the Commissioner.

(2) The application shall be signed by the owner of the motorboat and shall be accompanied by:

(A) an annual fee of \$31.00, or a biennial fee of \$57.00, for a motorboat in class A; ~~by~~

(B) an annual fee of \$49.00, or a biennial fee of \$93.00, for a motorboat in class 1; ~~by~~

(C) an annual fee of \$80.00, or a biennial fee of \$155.00, for a motorboat in class 2; ~~by~~ or

(D) an annual fee of \$153.00, or a biennial fee of \$303.00, for a motorboat in class 3.

(3)(A) Upon receipt of the application in approved form, the Commissioner shall enter the application upon the records of the Department of Motor Vehicles and issue to the applicant a registration certificate stating the number awarded to the motorboat and the name and address of the owner.

(B) The owner shall paint on or attach to each side of the bow of the motorboat the identification number in ~~such~~ the manner as may be prescribed by rules of the Commissioner in order that it may be clearly visible. Validation stickers shall be placed within six inches preceding the registration number on the port side of the motorboat and within six inches following the registration number on the starboard side of the motorboat.

(C) The registration shall be void one year from the first day of the month following the month of issue in the case of annual registrations or void two years from the first day of the month following the month of issue in the case of biennial registrations.

(D) A motorboat of less than 10 horsepower used as a tender to a registered motorboat shall be deemed registered, at no additional cost, and shall have painted or attached to both sides of the bow the same registration number as the registered motorboat with the number "1" after the number.

(E) The number shall be maintained in legible condition.

(F) The registration certificate shall be pocket size and shall be available at all times for inspection on the motorboat for which issued, whenever the motorboat is in operation.

(G) A duplicate registration may be obtained upon payment of a fee of \$3.00 to the Commissioner.

(H) Registration fees shall be allocated in accordance with section 3319 of this title.

(c) ~~A person engaged in the business of selling or exchanging~~ dealer in motorboats, as defined in subdivision 4(8) of this title, of a type otherwise required to be registered by this subchapter shall register and obtain registration certificates for use as described under subdivision (1) of this subsection, subject to the requirements of chapter 7 of this title. A manufacturer of motorboats may register and obtain registration certificates under this section.

(1) A dealer motorboat registration number may be used:

(A) for the purpose of testing or adjusting motorboats in the immediate vicinity of ~~his or her~~ the dealer's place of business;

* * *

(C) for demonstration when the prospective purchaser is operating the motorboat and is not accompanied by the dealer or ~~his or her~~ the dealer's employee, but not for more than three days;

* * *

(4) The Commissioner shall issue a registration certificate of number for each identifying number awarded to the dealer in the manner described in subsection ~~(a)~~(b) of this section, except that a motorboat shall not be described in the certificate. A dealer's registration certificate expires one year from the first day of the month of issuance.

(5) A dealer's identifying number shall be displayed as required by subsection ~~(a)~~(b) of this section except that the number may be temporarily attached.

* * *

(d)(1) Registration of a motorboat ends when the owner transfers title to another. The former owner shall immediately return directly to the Commissioner the registration certificate previously assigned to the transferred motorboat with the date of sale and the name and residence of the new owner endorsed on the back of the certificate.

(2) When a person transfers the ownership of a registered motorboat to another, files a new application, and pays a fee of \$6.00, ~~he or she~~ the person may have registered in ~~his or her~~ the person's name another motorboat of the same class for the remainder of the registration period without payment of any additional registration fee. However, if the fee for the registration of the motorboat sought to be registered is greater than the registration fee for the transferred motorboat, the applicant shall pay the difference between the fee first paid and the fee for the class of motorboat sought to be registered.

* * *

(g) The owner shall notify the Commissioner of the transfer of any part of the owner's interest other than the creation of a security interest in a motorboat numbered in this State under subsections ~~(a) and (b) and (c)~~ of this section or of the destruction or abandonment of the motorboat, within 15 days after the transfer, destruction, or abandonment. The transfer, destruction, or abandonment shall end the certificate of number for the motorboat except that in the case of a transfer of a part interest that does not affect the owner's right to operate the motorboat, the transfer shall not end the certificate of number.

(h) Any holder of a registration certificate shall notify the Commissioner within 15 days if ~~his or her~~ the holder's address ceases to be the address appearing on the certificate and shall, as a part of the notification, furnish the Commissioner with ~~his or her~~ the holder's new address. The Commissioner may provide by rule for the surrender of the certificate bearing the former address and its replacement with a certificate bearing the new address or for the alteration of an outstanding certificate to show the new address of the holder.

* * *

* * * Personal Flotation Devices * * *

Sec. 18. 23 V.S.A. § 3306 is amended to read:

§ 3306. LIGHTS AND EQUIPMENT

* * *

(b)(1) Personal flotation devices. Each vessel, except sailboards, shall, consistent with federal regulations, carry for each individual aboard at least

one wearable U.S. Coast Guard-approved personal flotation device that is in good and serviceable condition and capable of being used in accordance with the U.S. Coast Guard approval label.

* * *

(4) Cold weather.

(A) Except as otherwise provided pursuant to subdivision (B) of this subdivision (b)(4), on or before May 1 of each year and on or after November 1 of each year, all individuals aboard a vessel, while under way and the individual is on an open deck, shall wear a properly secured wearable U.S. Coast Guard-approved personal flotation device as intended by the manufacturer.

(B) The requirements of this subdivision (b)(4) shall not apply to an individual who is:

(i) aboard a vessel that is located in water that is not more than three feet deep; and

(ii) actively engaged in hunting or bow fishing and who holds a valid license issued under 10 V.S.A. part 4.

(C) A violation of this subdivision (b)(4) shall not be subject to the penalty set forth in section 3317 of this chapter or constitute a traffic violation pursuant to section 2302 of this title.

(5) Inspected commercial vessels. U.S. Coast Guard-inspected commercial vessels shall be exempt from the provisions of this subsection.

* * *

Sec. 19. PERSONAL FLOTATION DEVICES; COLD WEATHER REQUIREMENTS; EDUCATION AND OUTREACH

On or before September 30, 2026, the Department of Public Safety, in consultation with the U.S. Coast Guard and the Departments of Fish and Wildlife, of Forests, Parks, and Recreation, of Motor Vehicles, and of Health, shall develop and implement a public education and outreach campaign to make the public aware of the requirements under 23 V.S.A. § 3306(b)(4) related to the use of personal flotation devices from November 1 through May 1. The outreach campaign shall include online and written information, which may be distributed to municipalities, retailers, and public and water safety organizations.

* * * Kei Vehicles * * *

Sec. 20. 23 V.S.A. § 4 is amended to read:

§ 4. DEFINITIONS

Except as may otherwise be provided by law, and unless the context otherwise requires in statutes relating to motor vehicles and enforcement of the law regulating vehicles, as provided in this title and 20 V.S.A. part 5, the following definitions shall apply:

* * *

(28) “Pleasure car” ~~shall include~~ includes all motor vehicles not otherwise defined in this title and ~~shall include~~ includes plug-in electric vehicles, battery electric vehicles, or plug-in hybrid electric vehicles as defined pursuant to subdivision (85) of this section, and kei vehicles as defined pursuant to subdivision (90) of this section.

* * *

(72) “Farm truck” means a motor truck or kei truck that, at the option of the owner, may be registered under the provisions of subsection 367(f) of this title or may be unregistered when used in accordance with subsection 370(b) of this title.

* * *

(89) “Kei truck” means a kei vehicle that is designed, used, or maintained primarily for the transportation of property.

(90) “Kei vehicle” means a motor vehicle that has four wheels, an engine displacement of 660 cubic centimeters or less, an overall length of 130 inches or less, an overall height of 78 inches or less, and an overall width of 60 inches or less.

Sec. 21. 23 V.S.A. § 1044 is added to read:

§ 1044. OPERATION OF KEI VEHICLES

(a) A kei vehicle registered as a pleasure car shall be subject to all provisions of this title that are applicable to pleasure cars.

(b) A kei truck registered as a farm truck shall be subject to all provisions of this title that are applicable to farm trucks.

(c) The Traffic Committee and political subdivisions of this State shall not adopt any rules or ordinances that would have the effect of prohibiting:

(1) a kei vehicle that is registered as a pleasure car from being operated in the same manner and locations as other pleasure cars; and

(2) a kei truck that is registered as a farm truck from being operated in the same manner and locations as other farm trucks.

* * * Inspection Manual * * *

Sec. 22. INSPECTION MANUAL; AMENDMENT

(a)(1) The Department of Motor Vehicles shall amend the inspection manual to increase its focus on vehicle conditions that constitute genuine safety issues; eliminate outdated procedures; and provide clear, consistent guidance for both inspection mechanics and members of the public.

(2) It is the intent of the General Assembly that the amendments to the inspection manual adopted pursuant to this section shall ensure that:

(A) the inspection manual only requires failure of an inspection when, as determined by the Commissioner, the condition of a vehicle system or component constitutes an immediate safety risk; and

(B) a vehicle owner shall be advised of conditions of vehicle systems and components that do not constitute an immediate safety risk but may become a safety risk at some time in the future.

(3) In preparing the amendments to the inspection manual, the Department shall specifically determine whether amendments to the provisions relating to the following vehicle systems and components are necessary to comply with the legislative intent set forth in subdivision (2) of this subsection:

(A) tires;

(B) power steering;

(C) suspension;

(D) brake rotors;

(E) lighting;

(F) electrical systems and components;

(G) windshield;

(H) windows;

(I) windshield wipers;

(J) vehicle body; and

(K) in the discretion of the Commissioner, any other vehicle systems or components.

(4) In preparing the amendments to the inspection manual, the Department shall determine whether any tests or procedures require amendment or elimination, including the on-highway road test for brakes and

the headlamp aiming test.

(5) In preparing the amendments to the inspection manual, the Department shall provide additional visual guidance regarding when certain conditions warrant failure of an inspection.

(b) On or before August 1, 2026, the Department of Motor Vehicles shall:

(1) file with the Secretary of State pursuant to the provisions of 3 V.S.A. § 838 proposed amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) necessary to implement the provisions of this section; and

(2) adopt emergency rules pursuant to 3 V.S.A. § 844 to implement the provisions of this section while permanent rule amendments are pending, which shall be deemed to have met the standard for emergency rulemaking set forth in 3 V.S.A. § 844(a).

(c) The Commissioner of Motor Vehicles shall submit to the House and Senate Committees on Transportation the following reports regarding the rule amendments proposed pursuant to this section:

(1) Not more than five days after the Department files proposed rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with the Secretary of State pursuant to 3 V.S.A. § 838, the Commissioner shall submit a summary of the proposed amendments and an annotated copy of the inspection manual that shows the proposed changes.

(2) Not more than five days after the Department files final proposed rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with the Secretary of State and Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 841, the Commissioner shall submit a summary of the proposed amendments, an annotated copy of the inspection manual that shows the proposed changes, and a copy of the responsiveness summary, if any, that is submitted with the final proposed rules pursuant to 3 V.S.A. § 841(b)(2).

(3) Not more than five days after the Department files the adopted rule amendments to the Inspection of Motor Vehicles rules (CVR 14-050-022) with the Secretary of State and Legislative Committee on Administrative Rules pursuant to 3 V.S.A. § 843, the Commissioner shall submit a brief written statement of the date on which the rule amendments were submitted pursuant to 3 V.S.A. § 843, the effective date of the rule amendments, and any changes to the final proposed rule that were approved by the Legislative Committee on Administrative Rules.

(d) Nothing in this section shall be construed to permit the Department of Motor Vehicles to amend the rules relating to emissions inspections for motor vehicles.

* * * Limited-Use Specialty Vehicles * * *

Sec. 23. 23 V.S.A. § 4 is amended to read:

§ 4. DEFINITIONS

Except as may otherwise be provided by law, and unless the context otherwise requires in statutes relating to motor vehicles and enforcement of the law regulating vehicles, as provided in this title and 20 V.S.A. part 5, the following definitions shall apply:

* * *

(91) “Limited-use specialty vehicle” means a motor vehicle that is:

(A) built by either:

(i) a manufacturer that manufactures not more than 325 vehicles per year for sale in the United States; or

(ii) an individual and not for resale;

(B) maintained solely for occasional transportation, including exhibitions, club activities, parades, and other functions of public interest; and

(C) not used for daily transportation of passengers or property on any highway.

Sec. 24. 23 V.S.A. § 375 is added to read:

§ 375. LIMITED-USE SPECIALTY VEHICLES

(a) The Commissioner shall issue a certificate of registration for not more than 12 additional limited-use specialty vehicles per year.

(b) A vehicle that has been registered as a limited-use specialty vehicle shall not be permitted to be registered as any other type of vehicle.

(c) The annual fee for registration of a limited-use specialty vehicle shall be \$26.00.

(d) A vehicle registered under this section may be used on public highways:

(1) in exhibitions, club activities, parades, and other functions of public interest; and

(2) for occasional transportation of passengers or property, not to exceed one day per week.

Sec. 25. 23 V.S.A. § 1222 is amended to read:

§ 1222. INSPECTION OF REGISTERED VEHICLES

* * *

(f) Notwithstanding the provisions of subsection (a) of this section, a limited-use specialty vehicle registered pursuant to section 375 of this title shall undergo a safety inspection and visual emissions inspection each year but shall not be required to undergo an OBD systems inspection.

* * * License Plates * * *

Sec. 26. 23 V.S.A. § 511 is amended to read:

§ 511. MANNER OF DISPLAY

(a) Number plates.

(1) A motor vehicle operated on any highway shall have displayed in a conspicuous place either one or two number plates as the Commissioner may require. ~~Such~~ The number plates shall be furnished by the Commissioner and shall show the number assigned to ~~such~~ the vehicle by the Commissioner. If only one number plate is furnished, the ~~same~~ plate shall be securely attached to the rear of the vehicle. If two are furnished, one shall be securely attached to the rear and one to the front of the vehicle.

(2) Except as otherwise provided by law:

(A) ~~The number~~ Number plates shall be kept entirely unobscured, and the numerals and letters ~~thereon~~ on the plates shall be plainly legible at all times.

(B) A person shall not color, tint, or change in any manner the numerals, letters, or background of the plate from their appearance at the time the plate was issued.

(C) A person shall not cover or obscure any numerals or letters on a number plate with any material or substance.

(3) ~~They~~ Number plates shall be kept horizontal, shall be so fastened as not to swing, excepting, however, there may be installed on a motor truck or truck tractor a device that would, upon contact with a substantial object, permit the rear number plate to swing toward the front of the vehicle, provided such device automatically returns the number plate to its original rigid position after contact is released, and the ground clearance of the lower edges thereof shall be established by the Commissioner pursuant to the provisions of 3 V.S.A. chapter 25.

* * *

(e) Temporary and in-transit registration plates. A motor vehicle issued a temporary or in-transit registration plate under ~~sections~~ section 312, 458, 463,

~~and 516-518, or 517~~ of this title operated on any highway shall have the temporary or in-transit registration plate displayed horizontally in a conspicuous place on the rear of the vehicle, including in the rear window. The temporary or in-transit registration plate shall be kept entirely unobscured, and the numerals and letters ~~thereon~~ on the plate shall be plainly legible at all times as provided pursuant to subsection (a) of this section.

Sec. 27. REPEAL

23 V.S.A. § 518 (electronic issuance of temporary plate and temporary registration) is repealed.

* * * Tax Record Confidentiality; Disclosure; Agency of Transportation * * *

Sec. 28. 32 V.S.A. § 3102 is amended to read:

§ 3102. CONFIDENTIALITY OF TAX RECORDS

* * *

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

* * *

(25) To the Agency of Transportation, provided that the disclosure relates to tax revenue generated on the premises of airports in the State and is necessary to demonstrate compliance with Federal Aviation Administration grant funding requirements relating to airport revenue.

* * *

* * * Motorcycle Exhaust Requirements * * *

Sec. 29. 23 V.S.A. § 1260 is added to read:

§ 1260. MOTORCYCLE EXHAUST; EXCESSIVE NOISE; PROHIBITIONS

(a) A motorcycle operated on a highway shall be equipped with an exhaust system that includes a muffler or other mechanical device designed to reduce the noise emitted by the motorcycle.

(b) A motorcycle shall be in violation of this section if the motorcycle's exhaust system:

(1) has missing or removed internal baffles;

(2) has a cutout or bypass;

(3) has been modified to bypass the muffler system; or

(4) is a straight-pipe or similar type of exhaust system that does not include any mechanical features to reduce the noise emitted by the motorcycle.

(c) A motorcycle that violates the requirements of this section shall not pass an inspection required under section 1222 of this chapter.

(d) The provisions of this section shall not apply when a motorcycle is operated in a race, contest, or demonstration of speed or skill at an authorized public exhibition held in accordance with applicable State and municipal laws.

Sec. 30. MOTORCYCLE EXHAUST; INSPECTION MANUAL;
RULEMAKING

The Commissioner of Motor Vehicles shall, pursuant to the provisions of 3 V.S.A. chapter 25, amend the Inspection of Motor Vehicles rules (CVR 14-050-022) as necessary to implement the provisions of 23 V.S.A. § 1260.

* * * Effective Date * * *

Sec. 31. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

Report of Committee of Conference

H. 660.

An act relating to fiscal year 2027 Opioid Abatement Special Fund appropriations.

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

H. 660. An act relating to fiscal year 2027 Opioid Abatement Special Fund appropriations.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Opioid Abatement Special Fund * * *

Sec. 1. APPROPRIATIONS; OPIOID ABATEMENT SPECIAL FUND

(a) In fiscal year 2027, the following sums shall be appropriated from the Opioid Abatement Special Fund established in 18 V.S.A. § 4774:

(1)(A) \$455,000.00 to the Department of Health to fund 26 outreach or case management staff positions within the preferred provider network for the provision of services that increase the motivation of and engagement with individuals with substance use disorder in settings such as police barracks, shelters, social service organizations, and elsewhere in the community.

(B) It is the intent of the General Assembly that these positions shall be funded annually by the Opioid Abatement Special Fund unless and until the Special Fund does not have sufficient monies to fund this expenditure.

(2)(A) \$1,600,000.00 to the Department of Health for recovery residences certified by the Vermont Alliance for Recovery Residences.

(B) It is the intent of the General Assembly that recovery residences be funded annually by the Opioid Abatement Special Fund unless and until the Special Fund does not have sufficient monies to fund this expenditure.

(3)(A) \$850,000.00 to the Department of Health for syringe services.

(B) It is the intent of the General Assembly that syringe services be funded annually by the Opioid Abatement Special Fund unless and until the Special Fund does not have sufficient monies to fund this expenditure.

(4) \$1,100,000.00 to the Department of Corrections to provide peer recovery center coaches in Vermont correctional facilities and in probation and parole offices to provide group and individual coaching and reentry support, which shall not be used to cover administrative expenses.

(5) \$250,000.00 to the Department for Children and Families' Office of Economic Opportunity to support long-term programs at shelters for individuals experiencing homelessness, including harm-reduction supports, transportation to recovery meetings and appointments, and clinical nursing programs.

(6)(A) \$1,200,000.00 to the Department of Health for both the creation of new opioid use disorder residential treatment beds at American Society of Addiction Medicine level 3.1 and for the creation of new recovery residence beds at National Alliance for Recovery Residences (NARR) certification level III or above with priority given to unserved and underserved regions of the State.

(B) It is a priority of the General Assembly to fund treatment as part of opioid use disorder recovery.

(7) \$248,000.00 to the Department of Health for the Prehospital Vermont EMS Buprenorphine Treatment (PREVENT) Program to expand

training for emergency service providers on carrying buprenorphine and administering buprenorphine after administering naloxone.

(8) \$35,000.00 to the Department of Health to subsidize room and board for individuals in Rutland Mental Health Services' transitional housing program.

(9) \$237,646.00 to the Department of Health for distribution to Springfield Project ACTION to support public safety enhancement team coordinator positions in Bennington, Springfield, Brattleboro, St. Johnsbury, and central Vermont for the purposes of providing administrative support, meeting facilitation, data tracking, outreach event coordination, and sustainability planning.

(10) \$500,000.00 to the Department of Health for distribution to recovery centers, upon consultation with the Vermont Recovery Network to determine allocations to individual recovery centers.

(11) \$287,000.00 to the Department of Public Safety to provide funding for expanding the Public Safety Enhancement Team's harm reduction and strategic community intervention efforts.

(12) \$875,000.00 to the Department for Disabilities, Aging, and Independent Living to fund specialized employment services to individuals with opioid use disorder through HireAbility Vermont.

(b) Notwithstanding 32 V.S.A. § 703, unless reverted by a future act of the General Assembly, the appropriations made in accordance with this section shall carry forward until fully expended.

Sec. 2. LEGISLATIVE INTENT; OVERDOSE PREVENTION CENTER

(a) It is the intent of the General Assembly to consider the operational status and funding needs of Burlington's overdose prevention center during the fiscal year 2027 budget adjustment process. If the General Assembly finds that a location for the overdose prevention center has been procured by lease or purchase, the overdose prevention center is being fit up for its intended use, and the overdose prevention center is currently or will imminently become operational, it intends to appropriate up to \$1,100,000.00 to the Department of Health for purpose of awarding a grant to the City of Burlington for the work of the overdose prevention center.

(b) It is the intent of the General Assembly to continue to appropriate funds annually from the Opioid Abatement Special Fund through at least fiscal year 2028 for the purpose of awarding grants to the City of Burlington for the operation of the overdose prevention center, unless the Special Fund does not have sufficient monies to fund this expenditure.

Sec. 3. LEGISLATIVE INTENT; HIREABILITY

It is the intent of the General Assembly that in fiscal year 2028 and thereafter, HireAbility Vermont be funded using General Fund monies.

Sec. 4. 2023 Acts and Resolves No. 22, Sec. 14, as amended by 2024 Acts and Resolves No. 113, Sec. C.112, is further amended to read:

Sec. 14. APPROPRIATION; OPIOID ABATEMENT SPECIAL FUND

In fiscal year 2023, the following monies shall be appropriated from the Opioid Abatement Special Fund pursuant to 18 V.S.A. § 4774:

(1)(A) ~~\$1,500,000 divided equally between four opioid treatment programs~~ to cover costs associated with partnering with other health care providers to expand satellite locations for the dosing of medications, including costs associated with the satellite locations’ physical facilities, staff time at the satellite locations, and staff time at opioid treatment programs to prepare medications and coordinate with satellite locations;

(B) the satellite locations established pursuant to this subdivision (1) shall be located in Addison County, and eastern or southern Vermont, ~~and in a facility operated by the Department of Corrections;~~

(2) \$500,000 to establish a ~~second Chittenden Clinic Addiction Treatment Center~~ satellite location in northwestern Vermont;

* * *

Sec. 5. 18 V.S.A. § 4772 is amended to read:

§ 4772. OPIOID SETTLEMENT ADVISORY COMMITTEE

* * *

(c) Powers and duties. The Advisory Committee shall demonstrate broad ongoing consultation with individuals living with opioid use disorder about their direct experience with related systems, including medication for opioid use disorder, residential treatment, recovery services, harm reduction services, overdose, supervision by the Department of Corrections, and involvement with the Department for Children and Families’ Family Services Division. To that end, the Advisory Committee shall demonstrate consultation with individuals with direct lived experience of opioid use disorder, frontline support professionals, the Substance Misuse Oversight Prevention and Advisory Council, the Health Equity Advisory Commission, and other stakeholders to identify spending priorities as related to opioid use disorder prevention, intervention, treatment, and recovery services and harm reduction strategies for the purpose of providing recommendations to the Governor, the

Department of Health, and the General Assembly on prioritizing spending from the Opioid Abatement Special Fund. Each ongoing funding proposal considered by the Advisory Committee shall include a sustainability plan from the applicant to ensure consideration of future expenses and available resources apart from the Opioid Abatement Special Fund. The Advisory Committee shall consider:

(1) the impact of the opioid crisis on communities throughout Vermont, including communities' abatement needs and proposals for abatement strategies and responses;

(2) the perspectives of and proposals from opioid use disorder prevention coalitions, recovery centers, and medication for opioid use disorder providers; and

(3) the ongoing challenges of the opioid crisis on marginalized populations, including individuals who have a lived experience of opioid use disorder.

* * *

(e) ~~Presentation~~ Recommendations. Annually, the Advisory Committee shall vote on its recommendations. Recommendations shall be informed by outcomes and measurements reported by previous grantees. In developing its recommendations, the Advisory Committee shall consult with the Office of the Attorney General regarding allowable uses of the Special Fund. If the recommendations are supported by an affirmative vote of the majority, the Advisory Committee shall present its recommendations for expenditures from the Opioid Abatement Special Fund established pursuant to this subchapter to the Department of Health and concurrently submit its recommendations in writing to the House Committees on Appropriations and on Human Services and the Senate Committees on Appropriations and on Health and Welfare. The Advisory Committee's written recommendations shall address how each recommendation meets one or more of the criteria listed in subsections 4774(b) and (c) of this subchapter. The Advisory Committee shall give priority consideration to services requiring funding on an ongoing basis.

* * *

Sec. 6. 18 V.S.A. § 4774 is amended to read:

§ 4774. OPIOID ABATEMENT SPECIAL FUND

(a)(1) There is created the Opioid Abatement Special Fund, a special fund established and managed pursuant to 32 V.S.A. chapter 7, subchapter 5 and administered by the Department of Health. The Opioid Abatement Special Fund shall consist of all abatement account fund monies disbursed to the

Department from the national abatement account fund, the national opioid abatement trust, the supplemental opioid abatement fund, or any other settlement funds that must be utilized exclusively for opioid prevention, intervention, treatment, recovery, ~~and~~ harm reduction services, co-occurring mental health conditions, and co-occurring substance use disorders.

(2) The Department shall submit a spending plan to the General Assembly, informed by the recommendations of the Opioid Settlement Advisory Committee established pursuant to section 4772 of this subchapter, annually on or before January 15 and once funding is appropriated by the General Assembly from the Opioid Abatement Special Fund, the Department shall request to have the funds formally released from the national abatement account fund, the national opioid abatement trust, the supplemental opioid abatement fund, or any other settlement funds that must be utilized exclusively for opioid prevention, intervention, treatment, recovery, and harm reduction services, co-occurring mental health conditions, and co-occurring substance use disorders. The Department shall disburse monies from the Opioid Abatement Special Fund pursuant to 32 V.S.A. chapter 7, subchapter 3.

* * *

Sec. 7. APPROPRIATION REVIEW; FISCAL YEAR 2028 PROPOSAL SUSPENSION

Notwithstanding 18 V.S.A. § 4772(e), the Opioid Settlement Advisory Committee shall not accept funding proposals or make funding recommendations from the Opioid Abatement Special Fund for fiscal year 2028, unless a program or initiative was previously identified in statute as intended for annual funding. It instead shall review the outcomes of programs and initiatives previously funded through the Opioid Abatement Special Fund to assess effectiveness, long-term sustainability, and the appropriateness of the Opioid Abatement Special Fund as a funding source, where applicable, to inform recommendations made in fiscal year 2029 and thereafter.

Sec. 8. QUARTERLY REPORTING; EXPENDITURE OF OPIOID ABATEMENT SPECIAL FUND MONIES

The Department of Health shall submit to the General Assembly quarterly reports regarding expenditures from the Opioid Abatement Special Fund. Specifically, the reports shall identify funds appropriated from the Special Fund that remain unobligated or unspent, or both, and shall include an explanation as to why the funds have not been fully distributed. Reports due on October 1, 2026, and July 1, 2027, shall be submitted to the Joint Fiscal Committee. Reports due on January 1, 2027, and April 1, 2027, shall be submitted to the House Committees on Appropriations and on Human Services

and to the Senate Committees on Appropriations and on Health and Welfare. The Department shall post reports required pursuant to this section on its website.

Sec. 9. REVERSIONS

Notwithstanding any provision of law to the contrary, in fiscal year 2027, the following amounts shall revert to the Opioid Abatement Special Fund from the accounts indicated:

<u>3420892313 VDH-Opioid Sp. Fund Prov Satellites</u>	<u>\$444,000.00</u>
<u>3420892313 VDH-Opioid Sp. Fund Wound Care</u>	<u>\$8,287.34</u>
<u>3420892501 VDH-Opioid Sp. Fund Stabilization Beds</u>	<u>\$1,000,000.00</u>

* * * Syringe Recovery Plan * * *

Sec. 10. PLAN; SYRINGE RECOVERY

On or before December 15, 2026, the Department of Health shall submit a plan to the House Committee on Human Services and to the Senate Committee on Health and Welfare containing recommendations for the implementation of one or more syringe recovery models throughout the State to enhance public health and safety. The plan shall require syringe service providers to report to the Department on the percentage of distributed syringes that are returned to the provider or otherwise collected.

* * * Substance Misuse Prevention Special Fund * * *

Sec. 11. APPROPRIATIONS; SUBSTANCE MISUSE PREVENTION
SPECIAL FUND

In fiscal year 2027, the following monies shall be appropriated from the Substance Misuse Prevention Special Fund established pursuant to 18 V.S.A. § 4812:

(1) \$288,935.00 to the Department of Health for distribution to Elevate Youth Services to support the creation of a low-barrier, drop-in teen center in Barre to provide food, activities, positive adults role models, peer counselors, prevention and recovery programming, and direct connection to treatments;

(2) \$124,999.00 to the Department of Health for distribution to the Greater Falls Connections to enhance youth engagement and education and to expand prevention-focused staffing and youth programming space in response to increasing community need;

(3) \$200,000.00 to the Department of Health for distribution to Interaction: Friends for Change to increase access to community-based

therapy, housing, crisis, medical, recovery, and employment supports for youth in Windham County; and

(4) \$26,697.00 to the Department of Health for distribution to Winooski Partnership for Prevention to provide funding for staff time and stipends for partners to deliver medicine safety education to elementary-aged youth during school with family engagement.

Sec. 12. 18 V.S.A. § 4812 is amended to read:

§ 4812. SUBSTANCE MISUSE PREVENTION SPECIAL FUND

* * *

(e) As part of its annual budget presentation, the Department shall report to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare on its specific spending proposal from the Substance Misuse Prevention Special Fund for the coming fiscal year. The report shall include an estimate of the monies in the Special Fund anticipated to remain unallocated at the end of the fiscal year.

* * * Effective Date * * *

Sec. 13. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

and that after passage the title of the bill be amended to read: “An act relating to fiscal year 2027 Opioid Abatement Special Fund and Substance Misuse Prevention Special Fund appropriations”

*SEN. VIRGINIA V. LYONS
SEN. MARTINE LAROCQUE GULICK
SEN. JOHN BENSON
Committee on the part of the Senate*

*REP. THERESA A. WOOD
REP. ERIC MAGUIRE
REP. TIFFANY BLUEMLE
Committee on the part of the House*

H. 816.

An act relating to regulating the use of artificial intelligence in the provision of mental health services.

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

H. 816. An act relating to regulating the use of artificial intelligence in the provision of mental health services.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. PURPOSE

It is the purpose of this act to safeguard individuals seeking mental health services in Vermont from psychological harm, including death by suicide, by ensuring that these services are delivered by mental health professionals and not independently by artificial intelligence systems.

Sec. 2. 3 V.S.A. § 129a is amended to read:

§ 129a. UNPROFESSIONAL CONDUCT

(a) In addition to any other provision of law, the following conduct by a licensee constitutes unprofessional conduct. When that conduct is by an applicant or person who later becomes an applicant, it may constitute grounds for denial of a license or other disciplinary action. Any one of the following items or any combination of items, whether the conduct at issue was committed within or outside the State, shall constitute unprofessional conduct:

* * *

(30) For any mental health professional, engaging in the prohibited use of artificial intelligence pursuant to 18 V.S.A. § 7115.

* * *

Sec. 3. 18 V.S.A. § 7115 is added to read:

§ 7115. PROHIBITED USES OF ARTIFICIAL INTELLIGENCE

(a) As used in this section:

(1) “Artificial intelligence” means an engineered or machine-based system that varies in its level of autonomy and that can, for explicit or implicit objectives, infer from the input it receives how to generate outputs that can influence physical or virtual environments.

(2) “Mental health professional” means an individual licensed, certified, or rostered, respectively, to provide mental health services as a physician pursuant to 26 V.S.A. chapter 23 or 33; an advanced practice registered nurse

specializing in psychiatric mental health pursuant to 26 V.S.A. chapter 28; a psychologist pursuant to 26 V.S.A. chapter 55; a peer support provider or peer recovery support specialist pursuant to 26 V.S.A. chapter 60; a social worker pursuant to 26 V.S.A. chapter 61; an alcohol and drug abuse counselor pursuant to 26 V.S.A. chapter 62; a clinical mental health counselor pursuant to 26 V.S.A. chapter 65; a marriage and family therapist pursuant to 26 V.S.A. chapter 76; a psychoanalyst pursuant to 26 V.S.A. chapter 77; an applied behavior analyst pursuant to 26 V.S.A. chapter 95; a nonlicensed or noncertified psychotherapist or a noncertified psychoanalyst; or any other professional who provides mental health services.

(3) “Mental health services” means services provided to diagnose, treat, or address an individual’s mental health or behavioral health through therapeutic communications and therapeutic decisions.

(4) “Therapeutic communication” means a written, verbal, or nonverbal interaction intended to diagnose or treat any type of mental or behavioral health concern, provide ongoing recovery support, or provide clinical advice on diagnosis, treatment, or recovery support, such as:

(A) engaging in direct interactions with clients or patients for the purpose of understanding or reflecting the client’s or patient’s mental health condition;

(B) providing clinical guidance, strategies, or interventions;

(C) offering clinical support, including reassurance or empathy in response to emotional or psychological distress;

(D) collaborating with a patient or client to develop or modify treatment plans or therapeutic mental health goals; and

(E) delivering feedback intended to promote growth or address mental health outcomes.

(5) “Therapeutic decision” means the final clinical determination regarding diagnosis or the selection, modification, or termination of treatment or care.

(b) A corporation or entity shall not provide, advertise, or otherwise offer mental health services, including through the use of artificial intelligence, to the public unless the mental health services are:

(1) provided by a mental health professional; or

(2) part of an approved institutional review board or privacy board study in accordance with 45 C.F.R. § 164.512(i)(1)(i)(A) and (B).

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

(2) Nothing in this section shall be construed to preclude or supplant any other statutory or common law remedies.

(d) Nothing in this section shall preclude a mental health professional who is operating within the professional's scope of practice from utilizing artificial intelligence tools that are compliant with the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191, provided that the mental health professional reviews and approves any mental health services. This includes a software-based medical product, including a digital therapeutic or software as a medical device product that is authorized, cleared, or approved by the U.S. Food and Drug Administration, provided the product's use is prescribed or recommended by a mental health professional.

Sec. 4. 26 V.S.A. § 1354 is amended to read:

§ 1354. UNPROFESSIONAL CONDUCT

(a) Prohibited conduct. The Board shall find that any one of the following, or any combination of the following, whether the conduct at issue was committed within or outside the State, constitutes unprofessional conduct:

* * *

(3) engaging in the prohibited use of artificial intelligence pursuant to 18 V.S.A. § 7115;

* * *

Sec. 5. 3 V.S.A. § 5023 is amended to read:

§ 5023. ARTIFICIAL INTELLIGENCE ADVISORY COUNCIL

* * *

(b) Members.

(1) Members. The Advisory Council shall be composed of the following members:

* * *

(I) the Director of Professional Regulation or designee;

(J) the Executive Director of the Vermont Board of Medical Practice or designee;

~~(K)~~ the Executive Director of Racial Equity or designee; and

~~(J)(L)~~ the Attorney General or designee.

* * *

Sec. 6. USE OF ARTIFICIAL INTELLIGENCE BY MENTAL HEALTH PROFESSIONALS

On or before January 15, 2027, the Artificial Intelligence Advisory Council established in 3 V.S.A. § 5023 shall submit a written report to the House Committees on Government Operations and Military Affairs and on Health Care and to the Senate Committees on Government Operations and on Health and Welfare regarding the regulation of the use of artificial intelligence by mental health professionals, including recommendations for legislative action.

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

SEN. MARTINE LAROCQUE GULICK

SEN. VIRGINIA V. LYONS

SEN. JOHN BENSON

Committee on the part of the Senate

REP. DAISY BERBECO

REP. BRIAN J. CINA

REP. VALORIE TAYLOR

Committee on the part of the House

NOTICE CALENDAR

Second Reading

Favorable with Proposal of Amendment

H. 542.

An act relating to terminating testing of schools in Vermont for polychlorinated biphenyls.

Reported favorably with recommendation of proposal of amendment by Senator Ram Hinsdale for the Committee on Education.

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. 2021 Acts and Resolves No. 74, Sec. E.709.1, as amended by 2022 Acts and Resolves No. 166, Sec. 8, and 2023 Acts and Resolves No. 78, Sec. C.111, is further amended to read:

Sec. E.709.1 ENVIRONMENTAL CONTINGENCY FUND;
POLYCHLORINATED BIPHENYLS (PCBs) TESTING
IN SCHOOLS

(a) Notwithstanding 10 V.S.A. § 1283, of the funds transferred in Sec. D.101(a) of this act to the Environmental Contingency Fund, the Department of Environmental Conservation, in consultation with the Department of Health and the Agency of Education, shall use up to \$4,500,000 to complete air indoor quality testing for Polychlorinated Biphenyls (PCBs) in public schools and approved and recognized independent schools that were constructed or renovated before 1980. All schools subject to this subsection shall test for PCBs on or before ~~July 1, 2027~~ August 1, 2031.

Sec. 2. 10 V.S.A. § 6618a is added to read:

§ 6618a. SCHOOL POLYCHLORINATED BIPHENYL PROGRAM FUND

(a) There is created the School Polychlorinated Biphenyl Program Fund to be administered by the Secretary of Natural Resources to provide funding for the investigation, mitigation, and remediation of polychlorinated biphenyls (PCBs) at schools in Vermont. The Fund shall consist of:

(1) Reimbursements from a school for work related to a grant issued by the State for PCB investigation, mitigation, and remediation when that school recovers money from litigation or other awards. The reimbursement shall be limited to the amount of the grant awarded to the school or the amount of the recovery, whichever is less.

(2) Any recovery by the State for any claims for damages caused by PCBs, except recoveries for damages to natural resources, which shall be deposited in the fund established pursuant to section 1283 of this title.

(3) Monies from time to time appropriated to the Fund by the General Assembly.

(4) Other gifts, donations, or other monies received from any source, public or private, dedicated for deposit into the Fund and approved by the Secretary of Administration.

(b)(1) The Secretary of Natural Resources shall administer a program to issue grants to school districts to pay the costs, to the extent funds are available, of the following activities in order of the priority listed:

(A)(i) PCB investigations that are a part of a facilities master plan; or

(ii) indoor air quality testing of a school initiated voluntarily by a school district, provided that the school district notified the Secretary of Natural Resources of the testing and the school district conducts the testing

according to the Department of Environmental Conservation's standards for testing;

(B) the development of PCB management plans;

(C) the costs of mitigation when results exceed the immediate action level;

(D) the costs of implementing any approved corrective action plan when, after mitigation efforts, the concentrations in the school exceed the immediate action level; and

(E) the costs of implementing a corrective action plan as a part of a school construction project.

(2) To the extent that funds are available, grants to school districts that are required to conduct investigation, mitigation, or remediation of PCB contamination in a school after Agency of Natural Resources testing shall be in an amount sufficient to pay for 100 percent of the costs at the school of investigation, remediation, or removal required by the Agency of Natural Resources Investigation and Remediation of Contaminated Properties Rule.

(c) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7, subchapter 5, unexpended balances and interest earned by the Fund shall be retained in the Fund from year to year.

(d) If a school district in the State recovers money from litigation or other award for work covered under a grant issued under this section, the school district shall reimburse the State the amount of the recovery or the amount of the grant awarded to the school district under subsection (b) of this section, whichever amount is less.

(e) In addition to any other remedy, the State may recover from a manufacturer of PCBs monies expended or awarded by the State for PCB investigation, testing, assessment, remediation, or removal of PCBs in a school above the relevant action level.

Sec. 3. 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” 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.

* * *

Sec. 4. AGENCY OF NATURAL RESOURCES REPORT ON FUNDING FOR PCB TESTING OF SCHOOLS

On or before January 15, 2027, the Agency of Natural Resources, in consultation with the Agency of Education, shall submit to the Senate Committee on Education and the House Committee on Education:

(1) an estimate of the additional cost to the State to complete testing, mitigation, and remediation for polychlorinated biphenyls at public schools and approved and recognized independent schools that were constructed or renovated before 1980; and

(2) a plan to fund the costs estimated necessary to complete testing, mitigation, and remediation.

Sec. 5. REPEAL

2023 Acts and Resolves No. 78, Sec. C.112(b)(1) and (2) (State funding of grants for investigation, remediation, and removal of PCB contamination at a school) is repealed.

Sec. 6. EFFECTIVE DATES

This act shall take effect on passage, except that Sec. 3 (approval and funding of school construction projects) shall take effect on July 2, 2026.

and that after passage the title of the bill be amended to read: “An act relating to testing of schools in Vermont for polychlorinated biphenyls”

(Committee vote: 6-0-0)

(For House amendments, see House Journal of March 13, 2026, page 3257)

Reported favorably with recommendation of proposal of amendment 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 Education, with further proposals of amendment as follows:

First: By striking out Sec. 1, Environmental Contingency Fund; PCBs testing in schools, and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. 2021 Acts and Resolves No. 74, Sec. E.709.1, as amended by 2022 Acts and Resolves No. 166, Sec. 8, and 2023 Acts and Resolves No. 78, Sec. C.111, is further amended to read:

Sec. E.709.1 ENVIRONMENTAL CONTINGENCY FUND;
POLYCHLORINATED BIPHENYLS (PCBs) TESTING
IN SCHOOLS

(a) Notwithstanding 10 V.S.A. § 1283, of the funds transferred in Sec. D.101(a) of this act to the Environmental Contingency Fund, the Department of Environmental Conservation, in consultation with the Department of Health and the Agency of Education, shall use up to \$4,500,000 to complete air indoor quality testing for Polychlorinated Biphenyls (PCBs) in public schools and approved and recognized independent schools that were constructed or renovated before 1980. All schools subject to this subsection shall test for PCBs on or before ~~July 1, 2027~~ August 1, 2035.

Second: In Sec. 2, 10 V.S.A. § 6618a, School Polychlorinated Biphenyl Program Fund, by striking out subdivision (a)(2) in its entirety and inserting in lieu thereof the following:

(2) Any litigation recovery by the State for the costs of addressing PCB contamination in schools, less attorney’s fees and costs.

and in subdivision (a)(3), by striking out the word “appropriated” where it appears and inserting in lieu thereof the word “transferred”

(Committee vote: 6-0-1)

Reported favorably by Senator Watson for the Committee on Appropriations.

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

(Committee vote: 7-0-0)

H. 775.

An act relating to creating tools for housing production.

Reported favorably with recommendation of proposal of amendment by Senator Clarkson for the Committee on Economic Development, Housing and General Affairs.

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:

* * * Service-Supported Housing * * *

Sec. 1. 3 V.S.A. § 3098 is added to read:

§ 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

(a) The Service-Supported Housing Advisory Council is created for the purpose of identifying opportunities for increased alignment between human services programs and policies serving individuals who receive Medicaid-funded Developmental Disability Services and housing capital and support services programs.

(b) The Advisory Council shall be overseen by the Department of Disabilities, Aging, and Independent Living and shall be composed of the following individuals:

(1) one member, appointed by the Vermont Housing and Conservation Board;

(2) the Secretary of Human Services or designee;

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

(4) the State Treasurer or designee;

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

(6) two members, appointed by the Developmental Disabilities Housing Initiative;

(7) the Executive Director of the Vermont Developmental Disabilities Council or designee;

(8) two members, appointed by Green Mountain Self-Advocates; and

(9) one member, appointed by Vermont Care Partners.

(c)(1) The Advisory Council shall meet at least monthly.

(2) The Commissioner of Disabilities, Aging, and Independent Living shall convene the first meeting of the Advisory Council, during which the Advisory Council shall elect a chair from among its members.

(d) The Advisory Council shall have the administrative, technical, and legal assistance of the Department of Disabilities, Aging, and Independent Living.

(e) When requested by the Vermont Housing and Conservation Board, the Advisory Council shall provide advice to the Board regarding the expenditure of funds for the production of permanently affordable housing for individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(f)(1) The Advisory Council shall report annually on or before November 15 to the House Committees on General and Housing and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding:

(A) administrative and programmatic reforms carried out to better align support services and housing development programs and policies, including examples of projects or progress enabled by those changes;

(B) a housing needs assessment for individuals served by the Developmental Disabilities Services System of Care, including a summary of the number of units and an overview of the types of housing needed to support this population;

(C) activities undertaken pursuant to this section; and

(D) recommendations for future legislative action and funding sources, including actionable recommendations for changes in State laws or policies that are obstacles to the creation of housing needed by individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

* * * Vermont State Treasurer Credit Facility * * *

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

§ 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL INVESTMENTS

(a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, the Vermont State Treasurer shall have the authority to establish a credit facility of up to ~~40~~ 12.5 percent of the State's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433~~(b)-(e)~~ (b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9.

* * *

(c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, and in addition to the provisions of subsection (a) ~~on~~ of this section, the Vermont State Treasurer shall have the authority to establish a credit facility of up to two and one-half percent of the State's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433~~(b)-(e)~~ 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use amounts available under this subsection only to provide financing for climate infrastructure and resilience projects and may modify the terms of such financing in the Treasurer's discretion as is necessary to protect the ~~interest~~ interests of the State.

(d)(1) Annually, on or before November 15, the Treasurer shall submit a report detailing the activities, financing, and accounting of any credit facilities created pursuant to ~~subsection (e)~~ of this section during the preceding calendar year to the Governor; the House Committees on Appropriations, on Commerce and Economic Development, and on Ways and Means; and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Finance.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

* * * Vermont Economic Development Authority * * *

Sec. 3. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter:

* * *

(6) “Eligible facility” or “eligible project” means any industrial, commercial, or agricultural enterprise or endeavor approved by the Authority used in a trade or business whether or not such business is operated for profit, including land and rights in land, air, or water; buildings; structures; machinery; and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of State, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing unless otherwise authorized in this chapter. Such enterprises or endeavors may include:

* * *

(U) After consultation with, and with deference to, the Vermont Housing Finance Agency on applications that are eligible for financing from both the Authority and the Agency, multiunit housing developments of five or more units when requested by, and jointly financed with, a financing lender, except that the Authority shall not finance portions or phases of a multiunit housing development that:

(i) the Agency determines is being primarily developed for occupancy by persons and families of low and moderate income as defined in subdivision 601(11) of this title; or

(ii) utilizes funding issued by the Agency, whether in the form of debt or tax credits.

* * *

* * * Vermont Housing Finance Agency * * *

Sec. 4. INTENT TO CODIFY RENTAL HOUSING REVOLVING LOAN PROGRAM

The intent and purpose of Sec. 5 of this act is to codify in statute the Rental Housing Revolving Loan Program originally enacted in 2023 Acts and Resolves No. 47, as amended by 2025 Acts and Resolves No. 69. The Program designed and implemented by the Vermont Housing Finance Agency shall remain in effect under 10 V.S.A. § 629. Loans issued through the Program prior to July 1, 2026, shall remain in effect in accordance with the executed terms and conditions.

Sec. 5. 10 V.S.A. chapter 25 is amended to read:

CHAPTER 25. VERMONT HOUSING FINANCE AGENCY

* * *

Subchapter 3. Powers and Duties

* * *

§ 629. RENTAL HOUSING REVOLVING LOAN PROGRAM

(a) Creation; administration. The Vermont Housing Finance Agency shall design and implement a Rental Housing Revolving Loan Program and shall create and administer a revolving loan fund to provide subsidized loans for rental housing developments that serve middle-income households.

(b) Loans; eligibility; criteria.

(1) The Agency shall adopt processes, procedures, and guidelines to implement the Program consistent with this section, including a simple application process that is accessible to small developers, builders, and contractors.

(2)(A) To be eligible for a subsidized loan through the Program, a project shall create two or more new rental housing units, which may include market rate and affordable units, provided that at least 25 percent of the units in the project are affordable to a household earning up to 150 percent of the applicable area median income.

(B) Projects may include new construction, acquisition with substantial rehabilitation, and preservation of naturally occurring affordable housing.

(3) A loan is available only for the costs of the project allocable to the affordable units.

(4)(A) The Agency shall calculate the maximum amount of a loan, which shall not exceed the lesser of:

(i) 35 percent of the costs of the project allocable to the affordable units; or

(ii) the following amounts based on area median income bands:

(I) \$150,000.00 per unit for each unit that is affordable to a household earning up to 80 percent of area median income; and

(II) \$100,000.00 per unit for each unit that is affordable to a household earning from 81 to 150 percent of area median income.

(B) The Agency shall adopt and implement a method to adjust the values specified in subdivision (A)(ii) of this subdivision (4) at least annually for inflation and may adopt a smoothing mechanism to adjust the maximum loan values within each band based on levels of affordability.

(5) The Agency shall determine the term and interest rate of a loan. The Agency may adopt one or more mechanisms to provide an enhanced subsidy to incentivize projects, including:

(A) a lower interest rate;

(B) an interest-only option with deferred principal repayment; and

(C) partial loan forgiveness.

(6) The Agency shall adopt a Program plan that allows for an enhanced subsidy for a project that meets one or more of the following criteria:

(A) The project receives five percent or more of the total funding from an employer or employer-capitalized loan or grant.

(B) The project receives five percent or more of the total funding from a municipal or regional housing fund, local fiscal recovery fund, or other form of community investment.

(C) The project utilizes tax-exempt bond funding or federal low-income housing tax credits for at least 20 percent of the project's total units.

(D) The project is small in scale and provides infill development within a historic settlement pattern.

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

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

(i) seven years; or

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

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

(c) Program design.

(1) When designing and implementing the Program, the Agency shall consult stakeholders and experts in the field.

(2) The Program shall include:

(A) a streamlined and appropriately scaled application process;

(B) an outreach and education plan, including specific tactics to reach and support eligible applicants, especially those from underserved regions or sectors; and

(C) an equitable system for distributing investment statewide on the basis of need according to a system of priorities that includes consideration of:

(i) geographic distribution;

(ii) community size;

(iii) community economic need; and

(iv) whether an application has already received an investment or is from an applicant in a community that has already received Program funding.

(3) The Agency shall use its best efforts to ensure that:

(A) investments are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(B) the allocation of investments provides equitable access to the benefits to all eligible geographical areas.

(d) Revolving funds. The Agency shall retain payments of principal, interest, and any fees in a revolving loan fund, the amounts of which it shall use to issue future loans through the Program.

(e) Annual report. The Agency shall include information on the status of the Program as part of the annual report required by section 639 of this title.

* * *

* * * VHIP * * *

Sec. 6. 10 V.S.A. § 699 is amended to read:

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

* * *

(j) Annual report. Annually, on or before November 15, the Department shall submit a report to the House Committees on Human Services and on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs regarding the following:

(1) separately, the number of units funded and the number of units rehabilitated through grants, through a five-year forgivable loan, and through a 10-year forgivable loan;

(2) for grants and five-year forgivable loans, for the first year after the expiration of the lease requirements outlined in subdivision (e)(2)(A) of this section, whether the unit is still occupied by a tenant who meets the qualifications of that subdivision;

(3) for each program, for the first year after the expiration of the applicable lease requirements outlined in this section, the amount of rent charged by the landlord and how that rent compares to fair market rent established by the Department of Housing and Urban Development; and

(4) the rate of turnover for tenants housed utilizing grants or five-year forgivable loans and 10-year forgivable loans separately.

* * * Special Assessment Bonds * * *

Sec. 7. 24 V.S.A. § 3257 is added to read:

§ 3257. SPECIAL ASSESSMENT BONDS

(a) Upon approval of the legislative body of the municipality and subject to subsection (c) of this section, a municipality may issue revenue bonds for the purpose of financing a public improvement for the benefit of the limited area of the municipality to be served by the improvement. A revenue bond issued under this section is issued for an essential and governmental purpose.

(b) A revenue bond issued pursuant to this section shall be payable solely and exclusively from the special assessments levied on the properties to be served by the improvement and shall not constitute general indebtedness of the municipality. No holder of a bond issued under this section shall have the right to compel any exercise of the taxing power of the municipality to pay on the bond.

(c) The municipality may issue a revenue bond pursuant to this section only if one or more of the following conditions are met:

(1) one of the following entities provides a commitment letter for the issuance:

(A) the Vermont Bond Bank;

(B) a bank regulated by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or the Federal Reserve Board;
or

(C) a credit union regulated by the National Credit Union Administration; or

(2) a nationally recognized statistical rating organization that has an active U.S. public finance practice rates the issuance at a minimum credit rating of BBB or equivalent.

Sec. 7a. 24 V.S.A. § 1896(c) is amended to read:

(c) Notwithstanding any charter provision or other provision, all property taxes assessed within a district shall be subject to the provision of subsection (a) of this section. Special assessments levied under chapters 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the district, and not for improvements within the district, as defined in subdivision 1891(4) of this title, or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

Sec. 7b. 24 V.S.A. § 1910b(f) is amended to read:

(f) Notwithstanding any charter provision or other provision, all property taxes assessed within a housing development site shall be subject to the provisions of this section. Special assessments levied under chapter 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the housing development site and not for improvements within the housing development site or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

* * * Municipal Plans * * *

Sec. 8. 24 V.S.A. § 4382 is amended to read:

§ 4382. THE PLAN FOR A MUNICIPALITY

(a) A plan for a municipality shall be consistent with the goals established in section 4302 of this title and compatible with approved plans of other municipalities in the region and with the regional plan and shall include the following:

* * *

(10) A housing element that shall include a recommended program for public and private actions to address housing needs and targets as identified by the regional planning commission pursuant to subdivision 4348a(a)(9) of this title. The housing element shall also include an analysis of any regulatory and physical constraints preventing the development, redevelopment, or rehabilitation of sufficient housing to meet the housing needs and targets, and a

description of what actions the municipality may take to accommodate the projected housing needs. The program shall use data on year-round and seasonal dwellings and include specific actions to address the housing needs of persons with low income and persons with moderate income and account for permitted residential development as described in section 4412 of this title. Progress toward the construction of the housing units identified as needed to meet projected housing targets shall be documented within the housing element and updated as appropriate when the plan is amended or readopted according to section 4385 or 4387 of this title, as the case may be.

* * *

* * * Municipal Zoning * * *

Sec. 9. 24 V.S.A. § 4303 is amended to read:

§ 4303. DEFINITIONS

The following definitions shall apply throughout this chapter unless the context otherwise requires:

* * *

(42)(A) An area “served by municipal sewer and water infrastructure” means:

(i) an area where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems and not prohibited by:

(I) ~~State regulations or permits;~~

~~(H)~~ identified capacity constraints; or

~~(HH)~~(II) municipally adopted ~~service~~ and capacity agreements;

or

(ii) an area established by the municipality by ordinance or bylaw where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems or a fire district and which may exclude:

(I) flood hazard or inundation areas as established by statute, river corridors or fluvial erosion areas as established by statute, shorelands, areas within a zoning district or overlay district the purpose of which is natural resource protection, and wherever year-round residential development is not allowed;

(II) areas with identified service limits established by State regulations or permits, identified capacity constraints, or municipally adopted service and capacity agreements;

(III) areas served by sewer and water to address an identified community-scale public health hazard or environmental hazard;

(IV) areas serving a mobile home park that is not within an area planned for year-round residential growth;

(V) areas serving an industrial site or park;

(VI) areas where service lines are located to serve the areas described in subdivisions (III)–(V) of this subdivision (ii), but no connections or expansions are permitted; or

(VII) areas that, through an approved Planned Unit Development under section 4417 of this title or Transfer of Development Rights under section 4423 of this title, prohibit year-round residential development.

(B) Municipally adopted areas served by municipal sewer and water infrastructure that limit sewer and water connections and expansions shall not result in the unequal treatment of housing by discriminating against a year-round residential use or housing type otherwise allowed in this chapter.

Sec. 10. 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:

(1) Equal treatment of housing and required provisions for affordable housing.

* * *

(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.

* * *

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the municipality. In any district that allows year-round residential development, duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that are not more restrictive than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. In any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless that district specifically requires multiunit structures to have more than four dwelling units.~~

* * *

(15) No bylaw shall require a duplex or multiunit dwelling with three units to be constructed on an owner-occupied lot.

* * * State Community Investment Program * * *

Sec. 11. 24 V.S.A. § 5803 is amended to read:

§ 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

* * *

(f) Benefits Steps. A center may receive the benefits associated with the steps in this section by meeting the established requirements. The Department shall review applications from municipalities to advance from Step One to Two and from Step Two to Three and issue written decisions. The Department shall issue a written administrative decision within 30 days following an application. If a municipal application is rejected by the Department, the municipality may appeal the administrative decision to the State Board. To maintain a downtown approved under chapter 76A after December 31, 2026, the municipality shall apply for renewal following a regional planning approval by the LURB and meet the program requirements. Step Three designations that are not approved for renewal revert to Step Two. The municipality may appeal the administrative decision of the Department to the State Board. Appeals of administrative decisions shall be heard by the State Board at the next meeting following a timely filing stating the reasons for the appeal. The State Board's decision is final. The Department shall issue guidance to administer these steps.

* * *

(2) Step Two.

(A) Requirements. Step Two is established to create a mid-level designation for villages throughout the State to increase planning and implementation capacity for community-scale projects. A center reaches Step Two if it:

* * *

(iv) a portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.

* * *

(3) Step Three.

(A) Requirements. Step Three is established to create an advanced designation for downtowns throughout the State to create mixed-use centers and join the Vermont Downtown Program. A center reaches Step Three if the Department finds that it meets the following requirements:

* * *

(ii) Is A portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.

* * *

* * * Reports * * *

Sec. 12. OFFICE OF LEGISLATIVE COUNSEL; COMMON INTEREST COMMUNITY REPORT

(a) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal, conventional financing, and funding compliance issues related to requiring common interest communities to:

(1) authorize leasing of residential units;

(2) authorize commercial purposes within a dwelling unit;

(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner; and

(4) permit the installation and use of vegetable gardens within a unit owner's designated exclusive use space.

(b) In developing the report, the Office shall work with and identify external partners with knowledge and expertise in common interest communities across the State.

Sec. 13. VERMONT HOUSING AND CONSERVATION BOARD;
FARMWORKER HOUSING REPORT

On or before January 15, 2027, the Vermont Housing and Conservation Board shall submit a written report to the House Committees on Agriculture, Food Resiliency, and Forestry and on General and Housing and the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs with information on the progress made towards meeting the goals identified in the *Farmworker Housing Needs Assessment* of 2021. The report shall describe the farmworker housing program established by the Board following the initial report, evaluate the program's impact on farmworker housing in Vermont, and identify barriers, including permitting and regulatory barriers, to improving and expanding on-farm housing.

* * * Effective Date * * *

Sec. 14. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 18, 2026, pages 3372-3380)

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

The Committee recommends that the bill ought to pass in concurrence with proposal of amendment as recommended by the Committee on Economic Development, Housing and General Affairs, with further proposals of amendment as follows:

First: By striking out Sec. 9, 24 V.S.A. § 4303, in its entirety

Second: By striking out Sec. 10, 24 V.S.A. § 4412, in its entirety and inserting in lieu thereof a new Sec. 10 to read as follows:

Sec. 10. 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:

(1) Equal treatment of housing and required provisions for affordable housing.

* * *

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the municipality. In any district that allows year-round residential development, duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that are not more restrictive than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. In any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a permitted use on the same size lot as a single-unit dwelling, unless that district specifically requires multiunit structures to have more than four dwelling units.

* * *

Third: By striking out Sec. 11, 24 V.S.A. § 5803, in its entirety and by renumbering the remaining sections to be numerically correct.

(Committee vote: 4-0-1)

House Proposal of Amendment

S. 197.

An act relating to payment reform for primary care.

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. LEGISLATIVE INTENT; PURPOSES

(a) It is the intent of the General Assembly to invest in primary care and to establish a program of universal primary care that:

(1) is accessible to and affordable for all Vermonters; and

(2) will promote the public good by:

(A) improving the patient experience of care;

(B) improving population health;

(C) reducing costs; and

(D) improving the well-being of clinicians and staff.

(b) The purposes of this bill are to:

(1) obtain the information necessary to develop a framework for implementation of universal primary care;

(2) optimize the Blueprint for Health;

(3) determine whether the Blueprint is an appropriate mechanism through which to provide universal primary care; and

(4) explore other approaches to universal primary care and whether they may be more suitable than the Blueprint in meeting Vermont's needs.

Sec. 2. 18 V.S.A. chapter 13, subchapter 1 is amended to read:

Subchapter 1. Blueprint for Health

§ 701. DEFINITIONS

As used in this chapter:

(1) “Blueprint for Health” or “Blueprint” means the State’s program for integrating a system of health care for patients, improving the health of the overall population, and improving control over health care costs by promoting health maintenance, prevention, and care coordination and management.

* * *

(8) “Health insurance plan” ~~has the same meaning as~~ means a major medical insurance plan as defined in 8 V.S.A. § 4011.

(9) “Health insurer” ~~shall have the same meaning as in section 9402 of this title~~ means any person that offers, issues, renews, or administers a health insurance plan or other health benefit plan in this State and includes, to the extent permitted under federal law, third-party administrators that administer a health benefit plan offering coverage in this State or that provide administrative services only for a health benefit plan offering coverage in this State.

* * *

§ 706. HEALTH INSURER PARTICIPATION; PAYMENTS TO PRACTICES

(a) As set forth in 8 V.S.A. § 4025, health insurance plans shall be consistent with the Blueprint for Health as determined by the Commissioner of Financial Regulation.

(b)(1) Health insurers shall participate in the Blueprint for Health as a condition of doing business in this State as provided for in this section and in 8 V.S.A. § 4025.

(2) In order to facilitate development of the sustainable payment models necessary for the Blueprint's success, health insurers shall submit to the Agency of Human Services at least quarterly, or more frequently upon the Agency's request, all information that the Director of the Blueprint deems necessary to perform a comprehensive fiscal analysis of the total cost of care within Vermont and to implement one or more payment models that address health care capacity, volume, quality, and clinical outcomes.

(c)(1) The Blueprint payment reform methodologies shall include per-person per-month payments to ~~medical home participating practices, including medical homes and primary care providers,~~ by each health insurer and Medicaid for their attributed patients and for contributions to the shared costs of operating Blueprint initiatives, including the community health teams. Per-person per-month payments to practices shall be:

(A) based on the official National Committee for Quality Assurance's Physician Practice Connections-Patient Centered Medical Home (NCQA PPC-PCMH) score or another quality standard identified by the Director of the Blueprint in consultation with the Blueprint Payment Implementation Workgroup, to the extent practicable and shall be;

(B) provided in addition to their normal a practice's typical fee-for-service or other payments; and

(C) from health insurers, in amounts at least equal to Medicaid payments beginning in 2027.

(2) Consistent with recommendations of the Blueprint Executive Committee, the Director of the Blueprint may recommend to the ~~Commissioner of Vermont Health Access~~ Secretary of Human Services changes to the payment amounts or to the payment reform methodologies described in subdivision (1) of this subsection, including by providing for enhanced payment to health care professional practices ~~that operate as a medical home, including medical homes and primary care naturopathic physicians' practices;~~ payment toward the shared costs for community health teams; or other payment methodologies required by the Centers for Medicare and Medicaid Services (CMS) for participation by Medicaid or Medicare. In formulating recommendations, the Director shall strive to achieve or maintain parity across payers and payment methodologies and to adjust payment methodologies annually as needed to adequately support practices in maintaining NCQA PCMH status or meeting other requirements for participation in Blueprint programs.

(3) Health insurers shall modify payment methodologies and amounts to health care professionals and providers as required for the establishment of the

model described in sections 703–705 of this title and this section, including any requirements specified by the Centers for Medicare and Medicaid Services (CMS) in approving federal participation in the model to ensure consistency of payment methods in the model.

(4) In the event that the Secretary of Human Services is denied permission from the Centers for Medicare and Medicaid Services (CMS) to include financial participation by Medicare, health insurers shall not be required to cover the costs associated with individuals covered by Medicare.

(d) ~~An~~ A health insurer may appeal a decision to require a particular payment methodology or payment amount to the ~~Commissioner of Vermont Health Access~~ Secretary of Human Services or designee, who shall provide a hearing in accordance with 3 V.S.A. chapter 25. ~~An~~ A health insurer aggrieved by the decision of the ~~Commissioner~~ Secretary or designee may appeal to the Superior Court for the Washington District within 30 days after the ~~Commissioner~~ Secretary or designee issues a decision.

* * *

Sec. 3. BLUEPRINT PAYMENTS TO PRACTICES; PRIMARY CARE; REPORT

(a) On or before January 15, 2027, the Director of the Blueprint for Health, in consultation with the Blueprint Executive Committee and the Vermont Steering Committee for Comprehensive Primary Health Care, shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare regarding changes to the payment amounts or payment methodologies, or both, that would be necessary to transition the Blueprint’s per-person per-month payments to primary care practices to include payment for the routine primary care needs of attributed patients who are covered by participating health plans. The report shall:

(1) establish definitions of “primary care services” and “primary care provider” and define which services should be considered routine primary care;

(2) address any differences in methodology for different practice types;

(3) make recommendations regarding risk-adjustment and attribution methodologies;

(4) describe the ways in which the methodology will balance capacity, volume, quality, and outcomes;

(5) include mechanisms for ensuring that health plans make accurate and appropriate payments to primary care practices in a timely manner;

(6) make recommendations regarding participation or quality measurement requirements, or both;

(7) provide an analysis of including cost-sharing amounts for individuals covered by participating health plans in the methodology, including the extent to which such inclusion would be permissible for a high-deductible health plan without losing its eligibility to be paired with a health savings account;

(8) provide an analysis of ways to incorporate a primary care spending allocation target into the methodology;

(9) provide an operational plan, a description of any additional legislation needed in order to implement the methodology, and a proposed timeline for implementation; and

(10) provide a description of the ways in which the Blueprint can optimize the delivery of the services within each of its current initiatives, the costs associated with enhancing each initiative to its highest level, and the amount of additional per-person per-month spending that would be needed to support the enhanced delivery of these services across all Blueprint initiatives.

(b) The Director of the Blueprint or designee shall be available upon request from July through December 2026 to provide updates to the Health Reform Oversight Committee on the development of the report required by subsection (a) of this section.

Sec. 3a. FUNDING FOR BLUEPRINT FOR HEALTH; HEALTH CARE CLAIMS TAX; REPORT

On or before January 15, 2027, the Agency of Human Services, in consultation with the Department of Taxes, shall recommend to the House Committees on Health Care and on Ways and Means and the Senate Committees on Health and Welfare and on Finance a process by which funding for the Blueprint for Health may be transitioned from the mechanisms established in 18 V.S.A. chapter 13, subchapter 1 to the health care claims tax established in 32 V.S.A. chapter 243, as identified in the report that the Director of the Blueprint submitted to the General Assembly in accordance with 2023 Acts and Resolves No. 51, Sec. 5. The Agency's recommendations shall include any modifications to the tax rates established in 32 V.S.A. § 10402 that would be necessary to fully support the operation of the Blueprint, as amended by Sec. 2 of this act, and a potential timeline for implementation.

Sec. 4. PRIMARY CARE SPENDING; AGENCY OF HUMAN SERVICES;
REPORT

On or before January 15, 2027, the Agency of Human Services, in consultation with the Green Mountain Care Board, shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare the baseline per-person per-month spending on primary care services for Vermont residents overall and by each health insurer, third-party administrator administering a health plan or providing administrative services only for a health plan, Medicaid, and Medicare. The Agency shall use the definitions of primary care providers and services established pursuant to Sec. 3(a) of this act.

Sec. 5. PRIMARY CARE SPENDING TARGETS; REPORT

The Agency of Human Services shall establish a target for the amount of per-person per-month spending on Vermont residents that should be for primary care services and shall develop a transitional schedule that increases the target over time. On or before January 1, 2028, the Agency of Human Services shall provide the spending targets and transitional schedule, as well any recommendations for adjustments to the targets that are needed to reflect payer-specific differences, such as age and health status, to the House Committee on Health Care and the Senate Committee on Health and Welfare.

Sec. 6. DISTRIBUTION OF DUTIES FOR HEALTH CARE
REGULATION AND HEALTH CARE REFORM; REPORT

(a) The Agency of Human Services, Green Mountain Care Board, and Department of Financial Regulation, in collaboration with the Office of the Health Care Advocate, shall evaluate the roles their respective organizations play in health care regulation and health care reform in this State, including with respect to hospital transformation efforts, health insurance rate review, management of the Office of Health Care Reform, operation of the Blueprint for Health, and administration of other programs and initiatives. The Agency, Board, and Department shall identify where each health care regulation and health care reform function should be most appropriately located in order to optimize collaboration, information sharing, and efficient operations in furtherance of attaining the principles for health care reform set forth in 2011 Acts and Resolves No. 48 and as codified at 18 V.S.A. § 9371; improving access to high-quality, affordable health care services; accomplishing health care transformation; and safeguarding hospital sustainability and insurer solvency.

(b) On or before January 15, 2027, the Agency, Board, and Department shall each provide specific recommendations on the distribution of

responsibilities resulting from their efforts pursuant to subsection (a) of this section, including areas of agreement and disagreement, gaps and overlaps identified, and any legislative changes needed to achieve their preferred organizational structures, to the House Committee on Health Care and the Senate Committees on Health and Welfare and on Finance. The Agency, Board, and Department shall also be available upon request from July through December 2026 to provide updates to the Health Reform Oversight Committee on their efforts and the development of the report required by subsection (a) of this section.

Sec. 7. TRANSITIONING CARE TO COMMUNITY SETTINGS; REPORT

On or before January 15, 2027, the Agency of Human Services, in consultation with the Vermont Steering Committee for Comprehensive Primary Health Care, the Blueprint for Health, the Vermont Association of Hospitals and Health Systems, the Vermont Medical Society, Bi-State Primary Care Association, and other interested stakeholders, shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare with recommendations for ways to accelerate the appropriate transition of patients from hospital care to care delivered in a community setting, including ways to reduce the extent to which primary care services are delivered to patients in an inpatient hospital setting following surgery or other acute care, when care delivered by a primary care provider in the community would be as or more effective and less costly. The recommendations shall include opportunities to use community health teams through the Blueprint for Health to coordinate patients' care transitions. The Agency shall incorporate the recommendations into the Statewide Health Care Delivery Strategic Plan as appropriate.

Sec. 8. REGIONAL UNIVERSAL PRIMARY CARE PROGRAM; REPORT

The Office of the State Treasurer, in consultation with the Agency of Human Services, shall collaborate with other northeastern states to explore the potential to establish a regional universal primary care program that would be available to all residents of the member states. On or before January 15, 2027, the State Treasurer shall report to the House Committee on Health Care and the Senate Committee on Health and Welfare regarding the Office's outreach efforts, interest from other northeastern states, any legal or regulatory obstacles identified, and recommendations for next steps.

Sec. 9. 8 V.S.A. § 4092(i) is amended to read:

(i)(1) On a periodic basis but not less than once per calendar year, each health insurer shall notify all individuals covered under its health insurance plans of any changes in pharmaceutical coverage and provide access to the

preferred drug list maintained by the health insurer or its pharmacy benefit manager.

(2) Not less than 60 days prior to removing a prescription drug from its formulary or from the formulary maintained by a pharmacy benefit manager on its behalf, a health insurer shall notify all individuals covered under its health insurance plans who filled a prescription for that prescription drug within the previous 12-month period that coverage for the drug will be discontinued and of the date on which the coverage will end.

Sec. 10. EFFECTIVE DATE

This act shall take effect on passage.

and that after passage the title of the bill be amended to read: “An act relating to reform for primary care”

S. 328.

An act relating to housing and common interest communities.

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:

* * * Common Interest Community Resources * * *

Sec. 1. 3 V.S.A. § 119 is added to read:

§ 119. COMMON INTEREST COMMUNITY RESOURCES

The Secretary of State shall provide on its website or otherwise distribute to the public information about Vermont’s common interest communities. This information shall include the governing statutes.

* * * Service-Supported Housing * * *

Sec. 2. 3 V.S.A. § 3098 is added to read:

§ 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

(a) The Service-Supported Housing Advisory Council is created for the purpose of identifying opportunities for increased alignment between human services programs and policies serving individuals who receive Medicaid-funded Developmental Disability Services and housing capital and support services programs.

(b) The Advisory Council shall be overseen by the Department of Disabilities, Aging, and Independent Living and shall be composed of the following individuals:

(1) one member, appointed by the Vermont Housing and Conservation Board;

(2) the Secretary of Human Services or designee;

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

(4) the State Treasurer or designee;

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

(6) two members, appointed by the Developmental Disabilities Housing Initiative;

(7) the Executive Director of the Vermont Developmental Disabilities Council or designee;

(8) two members, appointed by Green Mountain Self-Advocates; and

(9) one member, appointed by Vermont Care Partners.

(c)(1) The Advisory Council shall meet at least monthly.

(2) The Commissioner of Disabilities, Aging, and Independent Living shall convene the first meeting of the Advisory Council, during which the Advisory Council shall elect a chair from among its members.

(d) The Advisory Council shall have the administrative, technical, and legal assistance of the Department of Disabilities, Aging, and Independent Living.

(e) When requested by the Vermont Housing and Conservation Board, the Advisory Council shall provide advice to the Board regarding the expenditure of funds for the production of permanently affordable housing for individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(f)(1) The Advisory Council shall report annually on or before November 15 to the House Committees on General and Housing and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding:

(A) administrative and programmatic reforms carried out to better align support-services and housing development programs and policies, including examples of projects or progress enabled by those changes;

(B) a housing needs assessment for individuals served by the Developmental Disabilities Services System of Care, including a summary of

the number of units and an overview of the types of housing needed to support this population;

(C) activities undertaken pursuant to this section; and

(D) recommendations for future legislative action and funding sources, including actionable recommendations for changes in State laws or policies that are obstacles to the creation of housing needed by individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

(g) Members of the Advisory Council who are not otherwise compensated for their time shall be entitled to per diem compensation as permitted under 32 V.S.A. § 1010 for meetings of the Advisory Council. Payments to members of the Advisory Council authorized under this subsection shall be made from monies appropriated to the Department of Disabilities, Aging, and Independent Living's base budget.

* * * Vermont State Treasurer Credit Facility * * *

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

§ 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL INVESTMENTS

(a)(1) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9, the Vermont State Treasurer shall have the authority to establish on terms acceptable to the Treasurer:

(A) a credit facility of up to ~~40~~ 12.5 percent of the State's average cash balance ~~on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b) (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9; and~~

(B) a credit facility of up to one percent of the State's average cash balance, provided that the credit facility established under subdivision (A) of this subdivision (1) shall be reduced by an equal amount to any credit facility amount established under this subdivision (B).

(2) The credit facility established in subdivision (1)(B) of this subsection may be used only to facilitate housing development through the bulk purchasing of off-site constructed housing and to aid in the purchase of off-site constructed housing units.

* * *

(c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, and in addition to the provisions of subsection (a) ~~on~~ of this section, the Vermont State Treasurer shall have the authority to establish a credit facility of up to two and one-half percent of the State's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b) ~~-(e)~~ 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use amounts available under this subsection only to provide financing for climate infrastructure and resilience projects and may modify the terms of such financing in the Treasurer's discretion as is necessary to protect the ~~interest~~ interests of the State.

(d)(1) Annually, on or before November 15, the Treasurer shall submit a report detailing the activities, financing, and accounting of any credit facilities created pursuant to ~~subsection (e)~~ of this section during the preceding calendar year to the Governor; the House Committees on Appropriations, on Commerce and Economic Development, and on Ways and Means; and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Finance.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

* * * Off-Site Construction Accelerator Pilot * * *

Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

(a)(1) The Office of the State Treasurer may develop and administer a pilot demonstration project that explores the possibility of reducing housing development costs through modular construction.

(2) The Treasurer may utilize requests for information or requests for proposal to identify participating modular construction manufacturers and developers and to determine manufacturer and developer needs and priorities.

(3) In contracting with a manufacturer or developer under this pilot program, the State Treasurer shall be exempt from the requirements of 3 V.S.A. chapter 14.

(4) In order to fund off-site constructed housing under the pilot program authorized by this section, the Treasurer may utilize funds authorized under 10 V.S.A. § 10 subject to the requirements of that section.

(b) The pilot may consider the following elements:

(1) bulk purchasing for a single development or aggregation of multiple developments;

(2) creating a loan loss reserve for construction loans;

(3) utilization of off-site construction, including panelized or volumetric modular construction; and

(4) establishing a statewide procurement consortium for bulk orders of modular units and materials.

(c)(1) As part of the pilot, the Office of the State Treasurer may identify the feasibility of the State providing a guarantee or other device to facilitate bulk purchasing of the off-site construction of homes.

(2) Prior to distributing any funds under this section, the Treasurer shall consult with the Department of Housing and Community Development, the Vermont State Housing Authority, the Vermont Housing Finance Agency, and the Vermont Housing and Conservation Board.

(d) On or before January 15, 2027, the Treasurer shall submit a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action.

* * * Vermont Economic Development Authority * * *

Sec. 5. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter:

* * *

(6) “Eligible facility” or “eligible project” means any industrial, commercial, or agricultural enterprise or endeavor approved by the Authority used in a trade or business whether or not such business is operated for profit, including land and rights in land, air, or water; buildings; structures; machinery; and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of State, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing unless otherwise authorized in this chapter. Such enterprises or endeavors may include:

* * *

(U) After consultation with, and with deference to, the Vermont Housing Finance Agency on applications that are eligible for financing from both the Authority and the Agency, multiunit housing developments of five or more units when requested by, and jointly financed with, a financing lender, except that the Authority shall not finance portions or phases of a multiunit housing development that:

(i) the Agency determines is being primarily developed for occupancy by persons and families of low and moderate income as defined in subdivision 601(11) of this title; or

(ii) utilizes funding issued by the Agency, whether in the form of debt or tax credits.

* * *

* * * Vermont Housing Finance Agency * * *

Sec. 5a. INTENT TO CODIFY RENTAL HOUSING REVOLVING LOAN PROGRAM

The intent and purpose of Sec. 5b of this act is to codify in statute the Rental Housing Revolving Loan Program originally enacted in 2023 Acts and Resolves No. 47, as amended by 2025 Acts and Resolves No. 69. The Program designed and implemented by the Vermont Housing Finance Agency shall remain in effect under 10 V.S.A. § 629. Loans issued through the Program prior to July 1, 2026, shall remain in effect in accordance with the executed terms and conditions.

Sec. 5b. 10 V.S.A. chapter 25 is amended to read:

CHAPTER 25. VERMONT HOUSING FINANCE AGENCY

* * *

Subchapter 3. Powers and Duties

* * *

§ 629. RENTAL HOUSING REVOLVING LOAN PROGRAM

(a) Creation; administration. The Vermont Housing Finance Agency shall design and implement a Rental Housing Revolving Loan Program and shall create and administer a revolving loan fund to provide subsidized loans for rental housing developments that serve middle-income households.

(b) Loans; eligibility; criteria.

(1) The Agency shall adopt processes, procedures, and guidelines to implement the Program consistent with this section, including a simple

application process that is accessible to small developers, builders, and contractors.

(2)(A) To be eligible for a subsidized loan through the Program, a project shall create two or more new rental housing units, which may include market rate and affordable units, provided that at least 25 percent of the units in the project are affordable to a household earning up to 150 percent of the applicable area median income.

(B) Projects may include new construction, acquisition with substantial rehabilitation, and preservation of naturally occurring affordable housing.

(3) A loan is available only for the costs of the project allocable to the affordable units.

(4)(A) The Agency shall calculate the maximum amount of a loan, which shall not exceed the lesser of:

(i) 35 percent of the costs of the project allocable to the affordable units; or

(ii) the following amounts based on area median income bands:

(I) \$150,000.00 per unit for each unit that is affordable to a household earning up to 80 percent of area median income; and

(II) \$100,000.00 per unit for each unit that is affordable to a household earning from 81 to 150 percent of area median income.

(B) The Agency shall adopt and implement a method to adjust the values specified in subdivision (A)(ii) of this subdivision (4) at least annually for inflation and may adopt a smoothing mechanism to adjust the maximum loan values within each band based on levels of affordability.

(5) The Agency shall determine the term and interest rate of a loan. The Agency may adopt one or more mechanisms to provide an enhanced subsidy to incentivize projects, including:

(A) a lower interest rate;

(B) an interest-only option with deferred principal repayment; and

(C) partial loan forgiveness.

(6) The Agency shall adopt a Program plan that allows for an enhanced subsidy for a project that meets one or more of the following criteria:

(A) The project receives five percent or more of the total funding from an employer or employer-capitalized loan or grant.

(B) The project receives five percent or more of the total funding from a municipal or regional housing fund, local fiscal recovery fund, or other form of community investment.

(C) The project utilizes tax-exempt bond funding or federal low-income housing tax credits for at least 20 percent of the project's total units.

(D) The project is small in scale and provides infill development within a historic settlement pattern.

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

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

(i) seven years; or

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

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

(c) Program design.

(1) When designing and implementing the Program, the Agency shall consult stakeholders and experts in the field.

(2) The Program shall include:

(A) a streamlined and appropriately scaled application process;

(B) an outreach and education plan, including specific tactics to reach and support eligible applicants, especially those from underserved regions or sectors; and

(C) an equitable system for distributing investment statewide on the basis of need according to a system of priorities that includes consideration of:

(i) geographic distribution;

(ii) community size;

(iii) community economic need; and

(iv) whether an application has already received an investment or is from an applicant in a community that has already received Program funding.

(3) The Agency shall use its best efforts to ensure that:

(A) investments are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(B) the allocation of investments provides equitable access to the benefits to all eligible geographical areas.

(d) Revolving funds. The Agency shall retain payments of principal, interest, and any fees in a revolving loan fund, the amounts of which it shall use to issue future loans through the Program.

(e) Annual report. The Agency shall include information on the status of the Program as part of the annual report required by section 639 of this title.

* * *

* * * VHIP * * *

Sec. 6. 10 V.S.A. § 699 is amended to read:

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of Program.

(1) The Department of Housing and Community Development shall design and implement the Vermont Rental Housing Improvement Program, through which the Department shall award funding to statewide or regional nonprofit housing organizations, or both, to provide competitive grants and forgivable loans to private landlords for the rehabilitation, including weatherization and accessibility improvements, of eligible rental housing units.

(2) The Department shall develop statewide standards for the Program, including factors that partner organizations shall use to evaluate applications and award grants and forgivable loans. The Department may authorize partnership organizations to advance funding at the beginning of a project as part of an award.

* * *

(j) Annual report. Annually, on or before November 15, the Department shall submit a report to the House Committees on Human Services and on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs regarding the following:

(1) separately, the number of units funded and the number of units rehabilitated through grants, through a five-year forgivable loan, and through a 10-year forgivable loan;

(2) for grants and five-year forgivable loans, for the first year after the expiration of the lease requirements outlined in subdivision (e)(2)(A) of this

section, whether the unit is still occupied by a tenant who meets the qualifications of that subdivision;

(3) for each program, for the first year after the expiration of the applicable lease requirements outlined in this section, the amount of rent charged by the landlord and how that rent compares to fair market rent established by the Department of Housing and Urban Development; and

(4) the rate of turnover for tenants housed utilizing grants or five-year forgivable loans and 10-year forgivable loans separately.

* * * Special Assessment Bonds * * *

Sec. 7. 24 V.S.A. § 3257 is added to read:

§ 3257. SPECIAL ASSESSMENT BONDS

(a) Upon approval of the legislative body of the municipality and subject to subsection (c) of this section, a municipality may issue revenue bonds for the purpose of financing a public improvement for the benefit of the limited area of the municipality to be served by the improvement. A revenue bond issued under this section is issued for an essential and governmental purpose.

(b) A revenue bond issued pursuant to this section shall be payable solely and exclusively from the special assessments levied on the properties to be served by the improvement and shall not constitute general indebtedness of the municipality. No holder of a bond issued under this section shall have the right to compel any exercise of the taxing power of the municipality to pay on the bond.

(c) The municipality may issue a revenue bond pursuant to this section only if one or more of the following conditions are met:

(1) one of the following entities provides a commitment letter for the issuance:

(A) the Vermont Bond Bank;

(B) a bank regulated by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or the Federal Reserve Board; or

(C) a credit union regulated by the National Credit Union Administration; or

(2) a nationally recognized statistical rating organization that has an active U.S. public finance practice rates the issuance at a minimum credit rating of BBB or equivalent.

Sec. 7a. 24 V.S.A. § 1896(c) is amended to read:

(c) Notwithstanding any charter provision or other provision, all property taxes assessed within a district shall be subject to the provision of subsection (a) of this section. Special assessments levied under chapters 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the district, and not for improvements within the district, as defined in subdivision 1891(4) of this title, or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

Sec. 7b. 24 V.S.A. § 1910b(f) is amended to read:

(f) Notwithstanding any charter provision or other provision, all property taxes assessed within a housing development site shall be subject to the provisions of this section. Special assessments levied under chapter 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the housing development site and not for improvements within the housing development site or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

* * * Municipal Plans * * *

Sec. 8. 24 V.S.A. § 4382 is amended to read:

§ 4382. THE PLAN FOR A MUNICIPALITY

(a) A plan for a municipality shall be consistent with the goals established in section 4302 of this title and compatible with approved plans of other municipalities in the region and with the regional plan and shall include the following:

* * *

(10) A housing element that shall include a recommended program for public and private actions to address housing needs and targets as identified by the regional planning commission pursuant to subdivision 4348a(a)(9) of this title. The housing element shall also include an analysis of any regulatory and physical constraints preventing the development, redevelopment, or rehabilitation of sufficient housing to meet the housing needs and targets, and a description of what actions the municipality may take to accommodate the projected housing needs. The program shall use data on year-round and seasonal dwellings and include specific actions to address the housing needs of persons with low income and persons with moderate income and account for

permitted residential development as described in section 4412 of this title. Progress toward the construction of the housing units identified as needed to meet projected housing targets shall be documented within the housing element and updated as appropriate when the plan is amended or readopted according to section 4385 or 4387 of this title, as the case may be.

* * *

* * * Municipal Zoning * * *

Sec. 9. 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:

(1) Equal treatment of housing and required provisions for affordable housing.

* * *

(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.

* * *

* * * Reports * * *

Sec. 10. OFFICE OF LEGISLATIVE COUNSEL; COMMON INTEREST COMMUNITY REPORT

(a) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal, conventional financing, and funding compliance issues related to requiring common interest communities to:

(1) authorize leasing of residential units;

(2) authorize commercial purposes within a dwelling unit; and

(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner.

(b) In developing the report, the Office shall work with and identify external partners with knowledge and expertise in common interest communities across the State.

Sec. 11. VERMONT HOUSING AND CONSERVATION BOARD;
FARMWORKER HOUSING REPORT

On or before January 15, 2027, the Vermont Housing and Conservation Board shall submit a written report to the General Assembly with information on the progress made towards meeting the goals identified in the *Farmworker Housing Needs Assessment* of 2021. The report shall describe the farmworker housing program established by the Board following the initial report, evaluate the program's impact on farmworker housing in Vermont, and identify barriers to improving and expanding farmworker housing.

Sec. 12. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT; CORPORATE PURCHASE OF HOMES
REPORT

(a)(1) On or before November 15, 2026, the Department of Housing and Community Development shall submit a report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with information on the purchase in Vermont of single- and two-family residences by institutional real estate investors. As part of the report, the Department shall provide the following information:

(A) bills introduced in other states implementing restrictions or limitations on the corporate purchase of single- or two-family residences;

(B) the number of covered entities operating in Vermont;

(C) the number of single- and two-family residences owned by covered entities in Vermont;

(D) the number of single- and two-family residences purchased by a covered entity in Vermont between 2020 and 2026; and

(E) proposed methods of enforcement to ensure effective implementation of any statutory restriction on the corporate purchase of single- or two-family residences.

(2) In the event the Department cannot provide the information required by subdivisions (1)(B)–(D) of this subsection, the Department shall identify methods of gathering the information for future use.

(b) As used in this section:

(1)(A) “Covered entity” means an institutional real estate investor or an entity that receives funding from an institutional real estate investor for the purchase of a single-family residence or two-family residence. A loan provided in exchange for a mortgage of the residence that is being purchased shall not be considered funding for the purposes of this subdivision (1), provided that such mortgage shall be of a type for which members of the general public can apply.

(B) “Covered entity” does not include:

(i) an organization that is described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code;

(ii) a land bank;

(iii) a community land trust; or

(iv) a creditor or its loan servicer acquiring ownership of real property in full or partial satisfaction of a secured debt.

(2)(A) “Institutional real estate investor” means an entity or combined group that, directly or indirectly:

(i) owns 10 or more single-family residences or two-family residences, or both;

(ii) manages or receives funds pooled from investors and acts as a fiduciary with respect to one or more investors; and

(iii) has \$30,000,000.00 or more in net value or assets under management on any day during the taxable year.

(B) An entity is considered owning a single-family residence or two-family residence if it directly owns the single-family residence or two-family residence or indirectly owns 10 percent or more of the single-family residence or two-family residence.

(3) “Single-family residence” means a residential property consisting of one dwelling unit, provided that the term does not include:

(A) any single-family residence that is to be used as the principal residence of any person who has an ownership interest in the covered entity that seeks to purchase the single-family residence; or

(B) any single-family residence constructed, acquired, or operated with federal, state, or local appropriated funding sources.

(4) “Two-family residence” means a residential property consisting of two dwelling units, provided that the term does not include:

(A) any two-family residence in which one of the dwelling units is to be used as the principal residence of any person who has an ownership interest in the covered entity that seeks to purchase the two-family residence; or

(B) any two-family residence constructed, acquired, or operated with federal, State, or local appropriated funding sources.

* * * Fiscal Year 2024 Appropriation to VHCB * * *

Sec. 13. [Deleted.]

* * * Effective Date * * *

Sec. 14. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

House Proposal of Amendment to Senate Proposal of Amendment

H. 907

The House concurs in the Senate proposal of amendment with further proposal of amendment thereto as follows:

First: By striking out Sec. 32, effective date, and its reader assistance heading in their entirety and inserting in lieu thereof a reader assistance heading and a new section Sec. 32 to read as follows:

* * * Vermont Sister State Program * * *

Sec. 32. 3 V.S.A. § 2479 is added to read:

§ 2479. VERMONT SISTER STATE PROGRAM

(a) Creation and purpose.

(1) The Vermont Sister State Program is created within the Agency of Commerce and Community Development. The Agency shall provide support to the Program and to the Sister State Program Committee as required.

(2) The purpose of the Program is to strengthen Vermont’s international engagement and to foster mutually beneficial relationships with national and subnational governments abroad, with a goal of promoting cultural exchange, economic development, and educational cooperation.

(b) Program oversight.

(1) The Sister State Program Committee, composed of the following members, shall oversee the Program:

(A) the Secretary of Commerce and Community Development or designee;

(B) a member of the House of Representatives, appointed by the Speaker of the House;

(C) a member of the Senate, appointed by the Committee on Committees;

(D) the Chair of the Board of Trustees of the Vermont Council on World Affairs or designee;

(E) the Vermont Adjutant General or designee;

(F) the Chair of the Board of Trustees of the Vermont Arts Council or designee; and

(G) three members, as follows:

(i) one member with expertise in cultural exchange or in Peace Corps operations, appointed by the Governor;

(ii) one member representing a private institution of higher education, appointed by the Committee on Committees; and

(iii) one member representing a public institution of higher education, appointed by the Speaker.

(2) Members of the Committee shall serve two-year terms, provided that members appointed pursuant to subdivision (1)(G) of this subsection shall serve initial terms of three years each to establish staggered terms. Members may be reappointed.

(3) The Committee shall elect a chair and vice chair from among its members that shall each serve a two-year term.

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

(c) Meetings.

(1) All meetings shall be called by the Chair, but in the event that the Committee does not have a chair, a meeting may be called by the Secretary of Commerce and Community Development or designee.

(2) The Committee shall meet:

(A) at least once quarterly, for the purpose of:

(i) evaluating current Program agreements;

(ii) proposing new Program agreements;

(iii) preparing its annual report; or

(iv) discussing any other matter that the Committee deems relevant to its work; and

(B) to review and score an eligible Program application not later than 30 days after the Committee receives the application from the Agency, pursuant to subdivision (d)(3) of this section.

(d) Program application, review, and approval procedures.

(1) Development of application process. The Agency, in consultation with the Committee, shall develop a process by which an entity can apply and be considered for admission as a partner to the Program. This process shall include the development of:

(A) an official application to be in the Program;

(B) a confidential internal review procedure to be used by the Agency to review Program applicants for sensitive political, legal, ethical, and strategic factors;

(C) minimum eligibility requirements to be considered for the Program;

(D) a fixed-scoring system, including a rubric, to be uniformly applied by the Committee to evaluate all eligible applications;

(E) a memorandum of understanding template to be used and signed by the State and an approved Program partner that shall include a termination date; and

(F) any other necessary Program parameters, including the length of time for partner agreements to be in effect.

(2) Agency initial verification.

(A) When a Program application has been received by the Agency pursuant to this section, the Agency shall, before the Committee may meet to review the application:

(i) verify that the application meets the Program's minimum eligibility requirements; and

(ii) conduct a confidential internal review of the applicant.

(B) Not later than 10 days after completion of the Agency's initial verification and review of an application pursuant to subdivision (A) of this subdivision (2), the Agency shall send the Committee a copy of the application along with a summary of the Agency's analysis.

(C) The confidential internal review process conducted in subdivision (A)(ii) of this subdivision (2), along with any and all documents reviewed during that process, shall be exempt from public inspection and copying.

(3) Committee review and recommendation.

(A) The Committee, upon receiving an application that has received preliminary approval from the Agency, shall meet to review the application pursuant to subdivision (c)(2)(B) of this section not later than 30 days after receipt of the application from the Agency.

(B) If the Committee recommends that an application reviewed pursuant to subdivision (A) of this subdivision (3) be approved, the Committee shall submit its recommendation to the Governor along with a copy of the application not later than 30 days after completing its review of the application. The Committee shall not send to the Governor an application that the Committee does not recommend be approved.

(4) Governor's review.

(A) The Governor shall have the sole authority to issue final approval or disapproval of a Sister State Program application that the Committee recommended be approved. The Governor shall send written notice of the Governor's decision to the Agency not later than 10 days after the Governor's decision.

(B) If the Governor disapproves a Program application, the Governor's notice in subdivision (A) of this subdivision (4) shall include a written explanation of why the Governor did not follow the recommendation of the Committee.

(C) Upon the Agency's receipt of the Governor's decision pursuant to subdivision (A) of this subdivision (4), the Agency shall notify the applicant of the Governor's decision not later than 30 days after the Agency receives notice of the Governor's decision.

(D) If the application is approved by the Governor, the Agency shall finalize a memorandum of understanding between the State and the Sister State Program applicant.

(5) Termination.

(A) The Committee may, at one of its meetings, propose to the Governor upon a majority vote that an active Sister State Program partnership be terminated.

(B) The Governor shall have the sole authority to terminate an active

Sister State Program partnership.

(e) Reporting. The Committee shall submit an annual report not later than January 15 of each year to the Governor and to the House Committee on Commerce and Economic Development and the Senate Committee on Economic Development, Housing and General Affairs that includes the following:

(1) an executive summary of key development and outcomes of the Program;

(2) a description of Committee activities, including a summary of attendance and decisions at its meetings;

(3) updates on the Program, including an evaluation of sister state applications, new partners, significant developments, metrics of success, and challenges;

(4) a description of stakeholder engagement with the Program;

(5) a financial overview, including a summary of funding sources and expenditures; and

(6) an outlook for the Program, which shall include strategic objectives, potential new agreements, and growth opportunities for the next year.

(f) Compensation and reimbursement.

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

(2) Other members of the Committee shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than eight meetings per year. These payments shall be made from monies appropriated to the Agency of Commerce and Community Development.

Second: By inserting a reader assistance heading and adding a new section to be Sec. 33 to read as follows:

* * * Vermont-Ireland Trade Commission * * *

Sec. 33. 9 V.S.A. chapter 111B is amended to read:

CHAPTER 111B. TRADE COMMISSIONS

§ 4129. VERMONT-IRELAND TRADE COMMISSION

(a) The Vermont-Ireland Trade Commission is established within the State Treasurer's office to advance bilateral trade and investment between Vermont and Ireland. The Commission shall consist of ~~seven~~ nine members as follows:

- (1) two members, appointed by the Governor;
 - (2) two members, appointed by the Speaker of the House;
 - (3) two members, appointed by the Senate Committee on Committees;
- and
- (4) the State Treasurer or designee;
 - (5) the Commissioner of Economic Development or designee; and
 - (6) the President of the University of Vermont or designee.

* * *

(c) The members of the Commission, ~~except for the State Treasurer or designee,~~ appointed pursuant to subdivisions (a)(1)-(3) of this section:

(1) shall be appointed for terms of four years each and shall continue to serve until their successors are appointed, except that in order to achieve staggered terms, the two members appointed by the Governor shall serve initial terms of two years each and the two members appointed by the Speaker of the House shall serve initial terms of three years each;

(2) ~~Members may be reappointed;~~ upon the expiration of the member's term;

(3) ~~A member serves~~ serve at the pleasure of the member's appointing authority; ~~and~~

(4) ~~Not shall consist of not~~ shall consist of not more than two members ~~serving on the Commission may be~~ members of the General Assembly.

* * *

(f) The Commission, in coordination with the State Treasurer's office, shall submit a written report with its findings, results, and recommendations to the Governor and the General Assembly within one year ~~of~~ following its initial organizational meeting and on or before December 1 of each succeeding year for the activities of the current calendar year. The report shall also include a:

(1) disclosure listing any in-kind contributions received by specific members of the Commission through their work in the Commission in the current calendar year; and

(2) detailed accounting from the State Treasurer's office of the:

(A) administrative expenses that have been paid with funds raised by the Commission, pursuant to subsection (g) of this section; and

(B) funds raised and donations, grants, and bequests received through the Commission including the name, country of residence, and amount donated of each contributor.

(g)(1) The Vermont-Ireland Trade Commission is authorized to raise funds, through direct solicitation or other fundraising events, alone or with other groups, and accept donations, grants, and bequests from individuals, corporations, foundations, governmental agencies, and public and private organizations and institutions, to defray the Commission's administrative expenses and to carry out its purposes as set forth in this chapter.

(2) The funds, donations, grants, or bequests received pursuant to this chapter subdivision (1) of this subsection shall be deposited in a bank account and allocated annually by the State Treasurer's office to defray the Commission's administrative expenses and carry out its purposes. Any monies so withdrawn shall not be used for any purpose other than the payment of administrative expenses under incurred pursuant to this chapter section and shall be itemized and tracked for reporting purposes by the State Treasurer's office. Interest earned shall remain in the bank account. The State Treasurer shall include the balance of the account in the annual reporting required pursuant to subsection (f) of this section.

(3) For purposes of this section, "administrative expenses" does not include any:

(A) expenses related to:

(i) campaign or election activity; or

(ii) food or beverages provided at official Commission meetings;

or

(B) other expense that is not specific to the administrative functions of the Commission.

(h) Members of the Commission shall not receive any compensation or be entitled to reimbursement of expenses by the State of Vermont or from the fund managed by the State Treasurer pursuant to subsection (g) of this section for their service on the Commission.

Third: By adding a new section to be Sec. 34 to read as follows:

Sec. 34. REPORT ON THE FUTURE OF THE VERMONT-IRELAND
TRADE COMMISSION

On or before December 1, 2029, the Vermont-Ireland Trade Commission shall submit a written report to the House Committee on Commerce and Economic Development and to the Senate Committee on Economic Development, Housing and General Affairs with the following information:

(1) a summary of the accomplishments of the Commission since its inception;

(2) a detailed analysis as to how the Commission has served its legislative purposes pursuant to 9 V.S.A. § 4129(b); and

(3) an accounting on funds raised and details on gifts received pursuant to 9 V.S.A. § 4129(g) since the Commission's inception.

Fourth: By inserting a reader assistance heading and adding a new section to be Sec. 35 to read as follows:

* * * Effective Dates * * *

Sec. 35. EFFECTIVE DATES

(a) Secs. 1–31 shall take effect on July 1, 2026.

(b) This section and Secs. 32–34 shall take effect on passage.

Report of Committee of Conference

S. 223.

An act relating to water quality of the waters of Vermont.

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

S. 223. An act relating to water quality of the waters of Vermont

Respectfully reports that it has met and considered the same and recommends that the Senate accede to the House proposal of amendment and that the bill be further amended in Sec. 1, Water Quality, Lake Classification, and Antidegradation Study Group; report, in subsection (b), by striking out subdivisions (1) and (2) in their entirety and inserting in lieu thereof new subdivisions (1) and (2) to read as follows:

(1) three current members of the House of Representatives, not all from the same political party, who shall be appointed by the Speaker of the House;

(2) three current members of the Senate, not all from the same political party, who shall be appointed by the Committee on Committees;

SEN. ANNE E. WATSON

SEN. SETH BONGARTZ

SEN. TERRY K. WILLIAMS

Committee on the part of the Senate

REP. AMY D. SHELDON

REP. LARRY LABOR

REP. LAWRENCE SATCOWITZ

Committee on the part of the House

H. 642.

An act relating to youthful offender proceedings.

To the Senate and House of Representatives:

The Committee of Conference to which were referred the disagreeing votes of the two Houses upon House Bill entitled:

H. 642. An act relating to youthful offender proceedings.

Respectfully reports that it has met and considered the same and recommends that the Senate recede from its proposal of amendment and that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 33 V.S.A. § 5285 is amended to read:

§ 5285. MODIFICATION OR REVOCATION OF DISPOSITION

(a)(1) If it appears that the youth has violated the terms of juvenile probation ordered by the court pursuant to subdivision 5284(c)(1) of this title, a motion for modification or revocation of youthful offender status may be filed in the Family Division of the Superior Court. The court shall set the motion for hearing as soon as practicable. The hearing may be joined with a hearing on a violation of conditions of probation under section 5265 of this title. A supervising juvenile or adult probation officer may detain in an adult facility a youthful offender who has attained 18 years of age for violating conditions of probation.

(2) Notwithstanding subdivision 5103(c)(2)(D) of this title, when a motion for revocation of youthful offender status is pending pursuant to this section, the Family Division's jurisdiction over the youth shall remain in effect until the youth is discharged or until probation is revoked. The Family

Division may extend its jurisdiction over the youth beyond the youth's 22nd birthday to the extent necessary to maintain jurisdiction under this subdivision.

(b) A hearing under this section shall be held in accordance with section 5268 of this title.

(c)(1) If the court finds after the hearing that the youth has violated the terms of ~~his or her~~ the youth's probation, the court may:

(1)(A) maintain the youth's status as a youthful offender, with modified conditions of juvenile probation if the court deems it appropriate;

(2)(B) revoke the youth's status as a youthful offender and transfer the case with a record of the petition, affidavit, adjudication, disposition, and revocation to the Criminal Division for sentencing; or

(3)(C) transfer supervision of the youth to the Department of Corrections with all of the powers and authority of the Department and the Commissioner under Title 28, including graduated sanctions and electronic monitoring.

(2) For purposes of making its determination under subdivision (1) of this subsection, the court shall consider whether:

(A) under the criteria of subdivision 5284(a)(2) of this title, public safety will be protected by continuing to treat the youth as a youthful offender;

(B) the youth continues to be amenable to treatment or rehabilitation as a youthful offender; and

(C) there continue to be sufficient services in the juvenile court system, the Department for Children and Families, and the Department of Corrections to meet the youth's treatment and rehabilitation needs.

(d) If the youth fails to appear at a probation revocation hearing under this section, the court may, unless it finds there was good cause for the failure to appear, issue an order pursuant to subsection 5108(c) of this title for an officer to pick up the youth and bring the youth to court.

(e) If a youth's status as a youthful offender is revoked and the case is transferred to the Criminal Division pursuant to subdivision ~~(e)(2)(c)(1)(B)~~ of this section, the court shall enter a conviction of guilty based on the admission to or finding of merits, hold a sentencing hearing, and impose sentence. Unless it serves the ~~interest~~ interests of justice, the case shall not be transferred back to the Family Division pursuant to section 5203 of this title. When determining an appropriate sentence, the court may take into consideration the youth's degree of progress toward or regression from rehabilitation while on

youthful offender status. The Criminal Division shall have access to all Family Division records of the proceeding.

Sec. 2. 33 V.S.A. § 5288 is amended to read:

§ 5288. RIGHTS OF VICTIMS IN YOUTHFUL OFFENDER PROCEEDINGS

(a) The victim in a proceeding involving a youthful offender shall have the following rights:

(1) To be notified by the prosecutor in a timely manner:

(A) when a court proceeding is scheduled to take place and when a court proceeding ~~to~~ of which the victim has been notified will not take place as scheduled; and

(B) of any conditions of release or conditions of probation and of any restitution unless otherwise limited by court order.

(2) To be present during all court proceedings subject to the provisions of Rule 615 of the Vermont Rules of Evidence; to attend the hearing on the motion to consider youthful offender status and the disposition hearing to present a victim impact statement and to express reasonably the victim's views concerning the offense and the youth, including testimony in support of the victim's claim for restitution; and to submit oral or written statements to the court at such other times as the court may allow. The court shall consider the victim's statement ~~when ordering disposition~~ pursuant to subsection (b) of this section.

(3) To be notified by the agency having custody of the youth before the youth is released into the community from a secure or staff-secured residential facility.

(4) To be notified by the prosecutor as to the final disposition of the case.

(5) To be notified by the prosecutor of the victim's rights under this section.

(b) In accordance with court rules, at a hearing on a motion to consider youthful offender status or at a hearing on ~~for~~ youthful offender ~~treatment disposition~~, the court shall ask if the victim is present and, if so, whether the victim would like to be heard regarding the motion or disposition. In ordering youthful offender status or disposition, the court shall consider any views offered at the hearing by the victim. If the victim is not present, the court shall ask whether the victim has expressed, either orally or in writing, views

regarding youthful offender status or disposition and shall take those views into consideration in ordering youthful offender status or disposition.

(c) No youthful offender proceeding shall be delayed or voided by reason of the failure to give the victim the required notice or the failure of the victim to appear.

(d) As used in this section, “victim” ~~shall have~~ has the same meaning as in 13 V.S.A. § 5301(4).

(e) This section shall not prohibit a victim from discussing underlying facts of the alleged offense that resulted in death or physical, emotional, or financial injury to the victim, provided that, unless otherwise provided by law or court order, a victim shall not disclose what occurs during a court proceeding or information learned through a court proceeding that is not an underlying fact of the alleged offense that resulted in death or physical, emotional, or financial injury to the victim.

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

*SEN. NADER A. HASHIM
SEN. TANYA C. VYHOVSKY
SEN. CHRISTOPHER P. MATTOS*

Committee on the part of the Senate

*REP. KAREN N. DOLAN
REP. IAN GOODNOW
REP. THOMAS OLIVER*

Committee on the part of the House

CONCURRENT RESOLUTIONS FOR ACTION

Concurrent Resolutions For Action Under Joint Rule 16

The following joint concurrent resolutions have been introduced for approval by the Senate and House. They will be adopted by the Senate unless a Senator requests floor consideration before the end of the session. Requests for floor consideration should be communicated to the Secretary’s Office.

H.C.R. 306-307 (For text of Resolutions, see Addendum to House Calendar for May 21, 2026)

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 Cummings 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)

Jenney Samuelson of Shelburne, VT – Secretary of Agency of Human Services – By Senator Lyons for the Committee on Health and Welfare (May 26, 2026)

Lauren Wobby of Northfield, VT – Member, Vermont Educational and Health Buildings Financing Agency – By Senator Cummings for the Committee on Finance (May 26, 2026)

JFO NOTICE

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3):

JFO #3278: \$690,050.00 to the Department of Public Service from the State and Community Energy Programs, U.S. Department of Energy. Funds for a revolving loan program (Municipal Energy Revolving Fund) to help VT communities meet state energy goals. The funds will be managed by the

Building and General Services department via a Memorandum of Understanding with the Department of Public Service.

[Received May 11, 2026]

JFO #3279: \$160,000.00 land donation to the Agency of Natural Resources, Department of Forests, Parks and Recreation from the Robert M. Burley Trust. The land is 102-acre donation in Elmore, VT to extend the Elmore State Park.. PILOT (payment in lieu of taxes) will be \$1,123.71 annually.

[Received May 11, 2026]

JFO #3280: \$20,000.00 to the Vermont Truth and Reconciliation Commission (VTRC) from Patricia Fontaine, private donor. Funds will hire consultants to fulfill the mission of the VTRC in their pursuit of community-centered justice

JFO #3281: \$867,972.00 to the Agency of Commerce and Community Development, Department of Housing and Community Development from the Department of the Interior, National Park Service. Funds to fix drainage and foundation issues at the [Theron Boyd State Historic Site](#) and to prepare a full historic structure report. A State match of \$27,750.00 is required for this grant and is covered by the major maintenance funds allocated to ACCD, Historic Preservation Division in the State Capital Construction Bill for fiscal year 2028. *[Received May 11, 2026]*and holistic healing.*[Received May 11, 2026]*