Senate Calendar

TUESDAY, MAY 26, 2026

SENATE CONVENES AT: 10:00 A.M.

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Report of Committee of Conference

ORDERS OF THE DAY

ACTION CALENDAR

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~~ ~~may~~ CESA shall employ an executive director who shall serve under the general direction of the board and who shall be responsible for the care and supervision of the ~~BOCES~~ CESA. The board shall annually

evaluate the executive director's performance and effectiveness in implementing the programs, policies, and goals of the ~~BOCES~~ CESA. The executive director shall not serve as a board member, officer, or employee of any related for-profit or nonprofit organization.

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

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

§ 605. FINANCING, BUDGETING, AND ACCOUNTING

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

(b) Treasurer.

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

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

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

(4) The board of directors shall ensure that its blanket bond covers a newly appointed treasurer before the treasurer enters upon the duties of the office. In lieu of a blanket bond, a ~~BOCES~~ CESA may choose to provide suitable crime insurance coverage. The board of directors may pay reasonable

compensation to the treasurer for services rendered and shall evaluate the treasurer's performance annually.

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

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

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

(1) a statement of net assets; and

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

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

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

§ 606. ANNUAL REPORT; PUBLIC INFORMATION

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

(1) information on the programs and services offered by the ~~BOCES~~ CESA, including information on the cost-effectiveness of such programs and services and progress made towards achieving the objectives and purposes set forth in the articles of agreement; and

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

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

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

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

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

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

§ 607. EMPLOYMENT

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

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

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

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

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

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

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

§ 608. CESA MEMBERSHIP ADJUSTMENT PROPOSALS

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

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

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

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

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

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

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

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

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

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

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

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

(a) In addition to any other powers granted by law, a CESA shall have the power to provide educational programs, services, facilities, and professional and other staff that, in its discretion, best serve the needs of its members~~, including professional development, curriculum coordination and development, and transportation~~. A CESA shall follow all applicable State

and federal laws in its provision of services, including Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, and the Individuals with Disabilities Education Act, 20 U.S.C. §§ 1400–1482. At a minimum, a CESA shall offer services in the following areas to its members, when requested:

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

(2) business and administrative services; ~~and~~

(3) union school district creation consultation and facilitation;

(4) professional development;

(5) curriculum coordination and development;

(6) transportation; and

(7) facilities master planning.

Sec. 3. REPEAL

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

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

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

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

(b) Notwithstanding any provision of 16 V.S.A. § 4025 to the contrary, the sum of $70,000.00 is appropriated from the Education Fund to the Agency of Education in fiscal year 2025 to fund the ~~Boards of~~ Cooperative ~~Education Services~~ Educational Service Area Start-up Grant Program created in

subsection (a) of this section. Unexpended appropriations shall carry forward into the subsequent fiscal year and remain available for use for this purpose.

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

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

§ 261a. DUTIES OF SUPERVISORY UNION BOARD

* * *

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

* * *

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

§ 1691a. DEFINITIONS

As used in this chapter:

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

* * *

(10) "Teacher" means an individual licensed under this chapter the majority of whose employed time in a public school district, supervisory union, or ~~board of~~ cooperative ~~education services~~ educational service area is assigned to furnish to students direct instructional or other educational

services, as defined by rule of the Standards Board, or who is otherwise subject to licensing as determined by the Standards Board.

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

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

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

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

* * *

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

§ 1981. DEFINITIONS

As used in this chapter unless the context requires otherwise:

* * *

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

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

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

§ 1722. DEFINITIONS

As used in this chapter:

* * *

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

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

* * *

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

* * *

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

§ 2101. DEFINITIONS

As used in this chapter:

* * *

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

Sec. 12. CESA TRANSITION

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

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

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

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

Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND FACILITATION

(a) Facilitator. On or before October 1, 2026, the Vermont Learning Collaborative (VTLC), a CESA formed pursuant to 16 V.S.A. chapter 10, shall employ or contract for the services of seven union school district formation facilitators (facilitators) who shall be responsible for organizing and facilitating study committees to study the advisability of forming a unified union school district. The VTLC shall also hire one lead facilitator who, in

addition to facilitating study committees as necessary, shall oversee the work of the seven facilitators. A facilitator shall have knowledge of and experience working in Vermont's public education system. The VTLC shall assign one facilitator to each CESA membership region created pursuant to 16 V.S.A. § 603(a)(1)–(7).

(b) Study committees.

(1) On or before December 1, 2026:

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

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

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

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

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

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

(A) If a study committee identifies a school district as necessary that is not a member of the study committee or that is not a member of the CESA, or both, the study committee shall work with the applicable facilitator or facilitators to adjust study committee membership as necessary.

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

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

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

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

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

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

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

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

(E) Members of a study committee that determines it is inadvisable to propose the formation of a new unified union school district may form a new study committee or committees and may pursue any union school district formation option available under 16 V.S.A. chapter 11 after the study committee members vote to dissolve the study committee formed pursuant to this section.

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

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

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

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

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

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

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

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

regarding the membership and status of each study committee formed pursuant to this section.

Sec. 14. GUIDANCE FOR STUDY COMMITTEE GROUPINGS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(15) Group 15: Champlain Valley School District.

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

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

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

Sec. 14a. INTERIM STUDY COMMITTEE REPORTS

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

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

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

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

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

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

(3) information regarding whether, and if so, how, the following issues impacted or influenced the final outcome for each study committee overseen by the facilitator, along with recommendations for legislative action needed to remove identified barriers to the formation of new union school districts:

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

(B) differences in operating structures;

(C) geographic and topographic barriers;

(D) enrollment patterns and projections; and

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

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

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

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

(a) Study committee reimbursement grant; appropriation.

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

(2) Of the funds appropriated to the Agency of Education in 2025 Acts and Resolves No. 73, Sec. 32(a)(1), as amended by Sec. C.103 of legislation enacting the budget in fiscal year 2027, $210,000.00 shall be used for the purpose of awarding study committee reimbursement grants to the study committees formed pursuant to Sec. 13 of this act in accordance with subdivision (1) of this subsection.

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

the facilitators. The VTLC may use up to $32,000.00 of the funds appropriated pursuant to this subsection for administrative costs.

(c) CESA executive director grant; appropriation.

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

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

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

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

Sec. 70. EFFECTIVE DATES

* * *

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

* * *

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

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

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

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

(D) legislation has been enacted that addresses:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 18a. [Deleted.]

* * * Prekindergarten Education * * *

Sec. 19. PREKINDERGARTEN EDUCATION; FINDINGS

The General Assembly finds that:

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

(2) Vermont ranks second in the country with regard to access to prekindergarten education by children who are four years of age, with 76 percent of eligible children four years of age receiving prekindergarten education, and Vermont is one of two states in which more than 70 percent of children who are four years of age receive prekindergarten services;

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

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

provider as compared to 55 percent in Franklin County and 61 percent in Grand Isle County; and

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

Sec. 20. LEGISLATIVE INTENT

It is the intent of the General Assembly to:

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

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

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

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

Sec. 21. PREKINDERGARTEN EDUCATION FUNDING; REPORTS; APPROPRIATION

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

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

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

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

(4) continues to support a mixed delivery system.

(b) Data and reports.

(1) The Agency of Education, Department for Children and Families, and Building Bright Futures (BBF) shall establish a system to jointly monitor and evaluate prekindergarten education programs to promote optimal results

for children that support the relevant population-level outcomes set forth in 3 V.S.A. § 2311 and to collect data that will inform future decisions. BBF, in consultation with the Agency of Education and the Department for Children and Families, shall be required to report annually to the General Assembly in January.

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

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

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

(iii) outstanding questions or gaps in data; and

(iv) recommendations for legislative action and other considerations.

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

(3)(A) The Joint Fiscal Office shall contract with a contractor with expertise in Vermont's education funding system to conduct an updated cost of care analysis to account for the provision of prekindergarten education within Vermont's education finance system. The contractor shall utilize the results of recent cost modeling studies, including the Vermont Early Care and Education Financing Study conducted pursuant to 2021 Acts and Resolves No. 45, Sec. 14; the 2026 Vermont Cost Modeling Report issued by First Children's Finance; and the statewide tuition rate for prekindergarten education, and collaborate with the Child Development Division, Agency of Education, and BBF to ensure necessary data and appropriate factors are included in financial modeling. This study shall provide estimates for the current full cost of providing prekindergarten education for children three, four, and five years of age, not yet eligible to enroll in kindergarten.

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

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

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

§ 829. PREKINDERGARTEN EDUCATION

* * *

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

* * *

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

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

* * *

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

* * *

* * * Data Collection * * *

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

(c) Reporting on weighting categories to the Agency of Education. Each school district shall annually report to the Agency of Education by a date established by the Agency the information needed in order for the Agency to compute the weighting categories under subsection (b) of this section for that district, for all resident students in prekindergarten through grade 12. In order

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

* * * Special Education Funding * * *

Sec. 23. SPECIAL EDUCATION FUNDING SAFEGUARDS; LEGISLATIVE INTENT

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

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

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

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

(c) Protection of educational rights. It is the intent of the General Assembly that implementation of Act 73 or any future education funding reform shall not limit the right of students with disabilities to a Free Appropriate Public Education (FAPE), including access to individualized

services in the least restrictive environment as required by federal and State law.

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

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

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

* * * Tuition * * *

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

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

Sec. 24a. [Deleted.]

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

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

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

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

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

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

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

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

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

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

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

(c) Additional costs.

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

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

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

* * *

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

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

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

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

The Agency of Education shall, unless extended by the Legislative Committee on Administrative Rules, adopt updates to the district quality standards contained in Agency of Education, District Quality Standards (CVR 22-000-039) to establish criteria for intradistrict budgeting under the foundation formula, pursuant to 3 V.S.A. § 843 on or before December 31, 2028. The criteria shall provide guidelines for intradistrict budgeting that

ensure resources are allocated across schools within each district in a way that supports the State's goal that all Vermont children will be afforded opportunities and excellent education that are substantially equal in quality and enable them to achieve or exceed the education quality standards approved by the State Board of Education.

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

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

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

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

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

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

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

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

Sec. 27b. SCHOOL TRANSPORTATION GRANTS; REPORT

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

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

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

(i) the grades operated by the school district;

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

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

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

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

(vi) bus driver pay and benefits; and

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

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

(ii) the total local funds spent on transportation;

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

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

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

(vi) transportation costs associated with individualized education programs.

(2) The report shall also include recommendations regarding:

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

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

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

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

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

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

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

Sec. 27c. STUDENT PROFILE FORM

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

Sec. 27d. LENGTH OF SCHOOL DAY; RULEMAKING

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

* * * Small and Sparse Schools * * *

Sec. 28. REPEAL

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

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

§ 4019. SMALL SCHOOLS; SPARSE SCHOOLS; SUPPORT GRANTS

(a) Definitions. As used in this section:

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

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

(3) "Small school" means a public school that:

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

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

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

(5) "Sparse school" means a public school that:

(A) is within a sparse area; and

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

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

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

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

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

* * * Class Size Minimums * * *

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

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

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

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

(2) The State Board of Education is required, pursuant to Sec. 8(a)(2) of this act, to update the rules governing approval of independent schools to create a process for review by the State Board for failure to meet the class size minimum requirements and the corresponding actions the Board may take for such noncompliance. The Board is required to provide an approved

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

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

§ 828. TUITION TO APPROVED SCHOOLS; AGE; APPEAL

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

(1) a public school located in Vermont;

(2) an approved independent school that:

* * *

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

* * *

* * * Regional Assessment Districts * * *

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

Subchapter 1A. Regional Assessment Districts

§ 3415. LEGISLATIVE INTENT

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

(1) properties on grand lists are regularly reappraised;

(2) property data collection is consistent and standardized across the State; and

(3) property valuation is conducted by trained and certified individuals and firms.

§ 3416. REGIONAL ASSESSMENT DISTRICTS; ESTABLISHMENT

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

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

§ 3417. STANDARD GUIDELINES; PROCEDURES; RULEMAKING

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

(1) guidelines for contracting with third parties to conduct or assist with reappraisals, including standard reappraisal contract terms;

(2) standards for the collection and recordation of parcel data;

(3) requirements relating to information technology, including standards for data software contracts and computer-assisted mass appraisal systems; and

(4) standardized practices for a full reappraisal, including cases in which physical inspections are unnecessary and how technology is to be utilized.

(b) The Director of Property Valuation and Review shall establish a schedule for each regional assessment district to fully reappraise every six years. The Director, at the Director's discretion, may alter the reappraisal schedule for a regional assessment district or for one or more of a regional assessment district's member municipalities. If a municipality or a regional assessment district fails to reappraise on the schedule established by the Director under this subsection, the State may withhold funds from the municipality until the Director certifies that the municipality or regional assessment district has complied with this subsection.

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

§ 3418. REGIONAL ASSESSMENT DISTRICT APPEALS BOARD; ESTABLISHMENT

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

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

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

§ 3419. APPEALS TO REGIONAL ASSESSMENT DISTRICT APPEALS BOARD

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

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

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

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

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

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

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

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

(c) This section shall not be construed to prevent or alter the process for taxpayers to bring and resolve grievances to a municipal assessing official under section 4111 of this title.

(d) Notwithstanding subsection (a) of this section, appeals of valuations conducted by the Division of Property Valuation and Review pursuant to sections 3602a, 3602b, 3602c, and 3621 of this title shall be made directly to the Commissioner or Superior Court pursuant to section 3420 of this subchapter.

§ 3420. APPEALS TO COMMISSIONER OR TO SUPERIOR COURT

(a) A taxpayer or the legislative body of a municipality aggrieved by a written determination of a regional assessment district appeals board under section 3419 of this chapter, or a taxpayer aggrieved by a valuation and bypassed a board decision under subsection 3419(d) of this subchapter, may appeal to either the Commissioner of Taxes or the Superior Court of the county in which the property is located. The appeal to the Superior Court shall be heard without a jury. For an appeal from the board, the appeal shall be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure within 30 days after entry of the decision of the board. For an appeal that bypassed the board, the appeal may be commenced by filing a notice of appeal pursuant to Rule 74 of the Vermont Rules of Civil Procedure within 30 days following the date of notice of a final valuation decision of an assessing official. The date of mailing of notice of the board's determination to the taxpayer shall be deemed the date of entry of the board's determination. The board shall transmit a copy of the notice to the Commissioner or the Superior Court and shall forward the notice to the applicable municipal clerk, who shall record or attach a copy of the notice in the grand list book. The entry fee for an appeal to the Commissioner is $70.00; provided, however, that the Commissioner may waive, reduce, or refund the entry fee in cases of hardship or to join appeals regarding the same parcel. If, in the opinion of the Commissioner, an appeal under this subsection involves a complex or unique property or valuation that would be best adjudicated by the Superior Court, the Commissioner may decline to hear the appeal and shall forward the appeal to the Superior Court of the county in which the property is located, where it shall be heard. An appeal forwarded by the Commissioner under this subsection shall be considered timely filed in the Superior Court if it was timely appealed to the Commissioner.

(b) On or before the last day on which appeals may be taken from the determination of the regional assessment district appeals board, an agent designated by the legislative body of the municipality, in the name of the municipality, on written application of one or more taxpayers of the municipality whose combined grand list represents at least three percent of the grand list of the municipality for the preceding year, shall appeal to the Superior Court from any action of the regional assessment district board of

appeal not involving appeals of the applying taxpayers. However, the agent designated by the legislative body shall, in any event, have at least six business days after receipt of such taxpayers' application for appeal in which to take the appeal, and the date for the taking of such appeal shall accordingly be extended, if necessary, until the six business days shall have elapsed. The $70.00 entry fee shall be paid by the applicants with respect to each individual property thus being appealed that is separately listed in the grand list. Fees collected under subsection (a) of this section or under this subsection shall be credited to a special fund established and managed pursuant to chapter 7, subchapter 5 of this title and shall be available to the Commissioner of Taxes to offset the costs of providing those services.

(c) When a taxpayer, a legislative body of the municipality, or an agent designated by the legislative body of the municipality claims that an appeal to the Commissioner is in any manner defective or was not lawfully taken, on or before 30 days after mailing of the notice of receipt of the appeal by the Director, the taxpayer, agent, or legislative body of the municipality shall file objections in writing with the Commissioner and furnish the appellant or appellant's attorney with a copy of the objections. When the taxpayer, agent, or legislative body so requests, the Commissioner shall thereupon fix a time and place for hearing the objections and shall notify all parties thereof, by mail or otherwise. Upon hearing or otherwise, the Commissioner shall pass upon the objections and make such order in relation thereto as is required by law. The order shall be recorded or attached in the municipal clerk's office in the book wherein the appeal is recorded.

(d) On application to the Commissioner, an appellant may request leave to withdraw the appellant's appeal at any time before it is heard. When an appeal is withdrawn, the Commissioner shall certify the withdrawal to the clerk of the municipality in which the underlying property is located, and the clerk shall record the certificate of withdrawal of the appeal. At the same time, the Commissioner shall notify the applicable regional assessment district board of appeal. The appraisal from which the appeal was taken shall then become a part of the appraisal or grand list of the taxpayer.

(e) When an appeal to the Commissioner is not withdrawn or forwarded by the Commissioner to the Superior Court pursuant to subsection (a) of this section, the Commissioner shall conduct a hearing in accordance with 3 V.S.A. chapter 25.

(f) The Commissioner or court shall proceed de novo on all appeals and determine the correct valuation of the property as promptly as practicable and determine a homestead and a housesite value if a homestead has been declared with respect to the property for the year in which the appeal is taken. The

Commissioner or court shall take into account the requirements of law as to valuation and the provisions of Chapter I, Article 9 of the Vermont Constitution and the 14th Amendment to the U.S. Constitution.

(1) If the Commissioner or court finds that the listed value of the property subject to appeal does not correspond to the listed value of comparable properties within the municipality, the Commissioner or court shall set the property in the list at a corresponding value. The findings and determinations of the Commissioner shall be made in writing and shall be available to the appellant.

(2) If the appeal is taken to the Commissioner, the Commissioner may order an inspection of the property prior to making a determination. If one of the parties requests an inspection, the Commissioner shall order an inspection of the property prior to making a determination. Within 10 days following the appeal being filed with the Commissioner, the Commissioner shall notify the property owner in writing of the Commissioner's option to request an inspection under this section.

(3) During a declared state of emergency under 20 V.S.A. chapter 1, the Commissioner shall not be required to have any property subject to appeal be physically inspected. If the appellant requests in writing that the property be inspected for purposes of the appeal, the Commissioner shall conduct the inspection through electronic means. If the appellant does not facilitate the inspection through electronic means, then the appeal shall be deemed withdrawn. As used in this subdivision, "electronic means" means the transmittal of video or photographic evidence by the appellant at the direction of the person conducting the inspection.

(g) The Commissioner or clerk of the court shall forward by certified mail one copy of the determination to the taxpayer, one copy to the applicable regional assessment district board of appeal, and one copy to the town clerk, who shall record the same in the book in which the appeal was recorded under subsection (a) of this section. The appraisal so fixed by the Commissioner or court shall become the basis for the grand list of the taxpayer for the year in which the appeal is taken and, if the appraisal relates to real property, for the next two ensuing years, except that if the real property is enrolled in the use value appraisal program under chapter 124 of this title, the value of enrolled land, prior to its being equalized, shall be the per-acre value set annually by the Current Use Advisory Board multiplied by the number of acres enrolled. The appraisal, however, may be changed in the ensuing two years if the taxpayer's property is materially altered, changed, or damaged or if the regional assessment district of the municipality in which the property is located has undergone a full reappraisal.

Sec. 31. 32 V.S.A. § 4041a is amended to read:

§ 4041a. REAPPRAISAL

* * *

(b) ~~If the Director of Property Valuation and Review determines that a municipality's education grand list has a coefficient of dispersion greater than 20 or that a municipality has not timely reappraised pursuant to subsection (d) of this section, the municipality shall reappraise its education grand list properties. If the Director orders a reappraisal, the Director shall send the municipality written notice of the decision. The municipality shall be given 30 days to contest the finding under procedural rules adopted by the Director or to develop a compliance plan, or both. If the Director accepts a proposed compliance plan submitted by the municipality, the Director shall not order commencement of the reappraisal until the municipality has had one year to carry out that plan.~~ [Repealed.]

(c) ~~If a municipality fails to submit an acceptable plan or fails to carry out the plan, pursuant to subsection (b) of this section, the State shall withhold the education, transportation, and other funds from the municipality until the Director certifies that the town has carried out that plan.~~ [Repealed.]

(d) ~~Each municipality shall commence a full reappraisal not later than six years after the commencement of the municipality's most recent full reappraisal unless a longer period of time is approved by the Director.~~ [Repealed.]

(e) ~~The Director shall adopt rules necessary for administration of this section.~~ [Repealed.]

Sec. 32. 32 V.S.A. § 5405 is amended to read:

§ 5405. DETERMINATION OF EQUALIZED EDUCATION PROPERTY TAX GRAND LIST AND COEFFICIENT OF DISPERSION

(a)(1) Annually, on or before April 1, the Commissioner shall determine the equalized education property tax grand list and coefficient of dispersion for each municipality in the State; provided, however, that for purposes of equalizing grand lists pursuant to this section, the equalized education property tax grand list of a municipality that establishes a tax increment financing district shall include the fair market value of the property in the district and not the original taxable value of the property, and further provided that the unified towns and gores of Essex County may be treated as one municipality for the purpose of determining an equalized education property grand list and a coefficient of dispersion, if the Director determines that all such entities have a uniform appraisal schedule and uniform appraisal practices.

(2) All municipalities within a regional assessment district shall be treated as a single entity for purposes of the equalization process under this section, provided at least one simultaneous full reappraisal has been completed by the member municipalities of the regional assessment district as determined by the Director under subsection 3417(c) of this title.

* * *

Sec. 33. 32 V.S.A. § 3602c is added to read:

§ 3602c. VALUATIONS; PUBLIC UTILITIES

(a) On or before May 1 of each year, the Division of Property Valuation and Review of the Department of Taxes shall furnish the listers in each town or city with the valuation of all taxable property of any public utility situated therein as reported by such utility to the Division.

(b) Each public utility shall furnish to the Division on or before March 31 of each year a sworn inventory of all its taxable property in such form as will show the valuation of its property in each town, city, or other municipality.

(c) The Division shall prescribe the form of such report and the officer or officers who shall make oath thereto.

(d) The valuations furnished under this section shall be considered along with any other information as may reasonably be required by listers in determining and fixing the valuations of property for the purposes of property taxation. The Division may require that each municipality use certain valuations furnished under this section. The valuations provided by the Division for property used for the transmission and distribution of electricity shall be used by the listers as the valuations of that property for purposes of property taxation.

Sec. 34. REPEALS

(a) 2025 Acts and Resolves No. 73, Secs. 62 (regional assessment districts) and 63 (transition provisions) are repealed.

(b) 32 V.S.A. chapter 131 (appeals) is repealed.

Sec. 35. 32 V.S.A. § 4041a is amended to read:

§ 4041a. REAPPRAISAL

(a)(1) A municipality shall be paid $8.50 per grand list parcel per year from the General Fund to be used only for ~~reappraisal and costs related to reappraisal of its grand list properties and for~~ maintenance of the grand list.

(2) During the year in which a municipality is scheduled to fully reappraise pursuant to subsection 3417(b) of this title, a municipality may notify the Commissioner in writing that it is prepared to commence the full appraisal. Within 30 days, the Commissioner shall estimate the cost of the municipality's full reappraisal and transfer to the municipality the lesser of two-thirds of the estimated cost or $66.00 per grand list parcel in the municipality.

* * *

* * * Tax Sales * * *

Sec. 36. 32 V.S.A. § 5252(b) is amended to read:

(b)(1) If the warrant and levy for delinquent taxes has been recorded pursuant to subsection (a) of this section, the municipality in which the real estate lies may secure the property against illegal activity and potential fire hazards after giving the mortgagee or lien holder of record written notice at least 10 days prior to such action.

* * *

(3) Notwithstanding subsection (a) of this section, the collector of taxes may extend a warrant on land pursuant to subsection (a) of this section when an amount less than $1,500.00 is owed, provided the parcel has no dwelling capable of habitation on a year-round basis or the parcel was not declared as part of a homestead pursuant to section 5410 of this title.

* * * Conforming Changes; Repeal of 32 V.S.A. Chapter 131 * * *

Sec. 37. 24 V.S.A. § 3616(d) is amended to read:

(d) Where one of the bases of a rent, rate, or charge is the appraised value and the premises to be appraised are tax exempt, the board may cause the listers to appraise the property, including State property, for the purpose of determining the rates, rents, or charges. The right of appeal from the appraisal shall be the same as provided in 32 V.S.A. ~~chapter 131~~ § 3419. The Commissioner of Finance and Management is authorized to issue warrants for rates, rents, or charges against State property and transmit to the State Treasurer who shall draw a voucher in payment of the rates, rents, or charges. No charge so established and no tax levied under the provisions of section 3615 of this title shall be considered to be a part of any tax authorized to be assessed by the legislative body of any municipality for general purposes but shall be in addition to any such tax so authorized to be assessed.

Sec. 38. 24 App. V.S.A. ch. 3, § 92 is amended to read:

§ 92. BOARD OF TAX APPEALS TO HEAR APPEALS; DEADLINE FOR HEARINGS; MANNER OF CONDUCTING~~; POSSIBLE BOARD OF CIVIL AUTHORITY REVIEW~~

(a) The Board of Tax Appeals shall meet, hear, and determine all appeals in the manner set forth in this section, notwithstanding 32 V.S.A. § ~~4404~~ 3419. All such appeals shall be heard and determined ~~no~~ not later than December 31 of that year. Hearings and inspections of the property shall be conducted by the entire panel as described in this section.

(b)(1) The City Assessor shall have the right to request and the Board shall have the right to issue a subpoena for all records of the taxpayer that are material to a determination of the appeal.

(2) Such records shall be regarded as confidential, shall not be further distributed, and shall be utilized only for the purpose of deciding the appeal~~;~~, provided that no subpoena shall issue unless and until a taxpayer has appealed to the Board of Tax Appeals.

(3) If the taxpayer fails to provide requested records in response to a subpoena properly issued hereunder or refuses to allow an inspection of ~~his or her~~ the taxpayer's property, the appeal shall be deemed withdrawn or dismissed and no further appeal shall be available to such taxpayer.

(c) The Board shall hear and decide appeals by three member hearing panels, the membership of such panels to be rotated on a periodic basis. All three members must be present and voting, and at least two of the three members of the hearing panel must join in the decision in order for it to be valid.

(d) Either a taxpayer or the City Assessor aggrieved by the decision of the Board of Tax Appeals may file an appeal of a decision of the Board of Tax Appeals directly with the ~~Director of the Division of Property Valuation and Review of the Vermont Department~~ Commissioner of Taxes or the Superior Court pursuant to 32 V.S.A. § ~~4461~~ 3420 within 30 days ~~of~~ after the mailing of the Board of Tax Appeals' decision to the taxpayer.

(e) The decision of the Board of Tax Appeals, if not further appealed, shall become the basis for the grand list of the taxpayer for the year in question plus the next two years unless new information of a material nature about the property is discovered, the property is materially changed, or the City undertakes a rolling or complete reevaluation of real estate that includes the property in question.

Sec. 39. 24 App. V.S.A. ch. 3, § 330 is amended to read:

§ 330. BOARD OF TAX APPEALS

A Board of Tax Appeals, constituted in the manner set forth in section 91 of this charter, is created. The Board shall have the same duties and proceed in the same manner to hear and determine tax appeals as a ~~board of civil authority under 32 V.S.A. chapter 131, subchapter 1~~ regional assessment district appeals board under 32 V.S.A. § 3419 except as otherwise provided in this charter. Appeals from decisions of the Board of Tax Appeals ~~or from the Board of Civil Authority as referenced in section 92 of this charter~~ shall be controlled by 32 V.S.A. ~~chapter 131, subchapter 2~~ chapter 121, subchapter 1A, except that the City Assessor may appeal subject to the approval of the City Board of Finance. The Board shall organize each year by the election of a Chair, Vice-Chair, and Clerk. The manner of removal of Board members and filling of vacancies shall be as provided in sections 129 and 130 of this charter and the Board members shall, except as otherwise herein expressly provided, be subject to all other provisions of this charter relating to public officers.

Sec. 40. 24 App. V.S.A. ch. 103, § 510(d) is amended to read:

(d) In the case of any property used for both residential and nonresidential purposes within the District as of April 1, the Board of Listers (Board) shall adjust the listed value for the purposes of determining the District tax under this section to exclude the value of that portion of the property used for residential purposes. The Board shall determine the adjusted grand list value of the business portion of the property and give notice of the same as provided under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance with the Board and appeal the decision of the Board as provided for under 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the determination of the Board and pendency of the appeal shall not vacate the lien on the property assessed, and the District taxes must be paid and continue to be paid as they become due.

Sec. 41. 24 App. V.S.A. ch. 151, § 507(d) is amended to read:

(d) In the case of any property used for both residential and nonresidential purposes within the District as of April 1, the Department of Assessment shall adjust the listed value for the purposes of determining the District tax under this section to exclude the value of that portion of the property used for residential purposes. The Department of Assessment shall determine the adjusted grand list value of the business portion of the property and give notice of the same as provided under 32 V.S.A. ~~chapter 131~~ § 3419. Any property owner may file a grievance with the Board and appeal the decision of the Board as provided for under 32 V.S.A. ~~chapter 131~~ § 3419; however, the filing of an appeal of the determination of the Board and pendency of the appeal

shall not vacate the lien on the property assessed, and the District taxes must be paid and continue to be paid as they become due.

Sec. 42. 24 App. V.S.A. ch. 151, § 707 is amended to read:

§ 707. APPEALS

A person aggrieved by the final decision of the Department of Assessment under the provisions of section 706 of this charter may appeal in writing under the provisions of 32 V.S.A. ~~chapter 131~~ § 3419.

Sec. 43. 32 V.S.A. § 3613 is amended to read:

§ 3613. APPEAL

The State of Vermont shall have the same right to appeal from the appraisal of the listers and assessors and from the decision of the ~~Board of Civil Authority~~ regional assessment district appeals board as is given to any interested individual as provided by ~~chapter 131~~ section 3419 of this title.

Sec. 44. 32 V.S.A. § 3757(c) is amended to read:

(c) For the purposes of the land use change tax, the determination of the fair market value of the land shall be made by the local assessing officials in accordance with the provisions of subsection (b) of this section and divided by the municipality's most recent common level of appraisal as determined by the Director. The determination shall be made within 30 days after the Director notifies the local assessing officials of the date that the owner has petitioned for withdrawal from use value appraisal or that the Director or local assessing official has determined that development has occurred. The local assessing officials shall notify the Director and the owner of their determination, and the provisions for appeal relating to property tax assessments in chapter ~~131~~ 121, subchapter 1A of this title shall apply.

Sec. 45. 32 V.S.A. § 3758(d) is amended to read:

(d) Any owner who is aggrieved by a decision of the Department of Forests, Parks and Recreation concerning the filing of an adverse inspection report, a denial of approval of a management plan, or a certification to the Director with respect to land for which a wastewater permit is issued may appeal to the Commissioner of Forests, Parks and Recreation within 60 days ~~of~~ following the filing of the adverse inspection report, the decision to deny approval, or the certification to the Director. An appeal of this decision of the Commissioner may be taken to the Superior Court in the same manner and under the same procedures as an appeal from a decision of a ~~Board of Civil Authority~~ regional assessment district appeals board, as set forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

Sec. 46. 32 V.S.A. § 3760(a)(2) is amended to read:

(2) The Director of Property Valuation and Review shall determine the amount of the available funds under this section to be paid to each municipality, and a municipality may appeal the Director's decision in the same manner and under the same procedures as an appeal from a decision of a ~~Board of Civil Authority~~ regional assessment district appeals board, as set forth in ~~chapter 131, subchapter 2~~ section 3420 of this title.

Sec. 47. 32 V.S.A. § 3846(d) is amended to read:

(d) Whenever the assessing officials deny in whole or in part any application for classification as farmland or ~~forest land~~ forestland or grant a different classification than that applied for, or fix an erroneous use value appraisal for eligible land, the aggrieved owner may appeal the decision in accordance with the provisions set forth in ~~chapter 131~~ section 3419 of this title. The appeal shall be heard in the same manner and under the same procedures as other appeals relating to real property appraisals and taxation.

Sec. 48. 32 V.S.A. § 4006 is amended to read:

§ 4006. FAILURE TO RETURN INVENTORY

Failure of a taxpayer to make and return a signed, sworn to, or affirmed inventory within 45 days after the mailing of such inventory by the town listers or assessors shall bar the taxpayer from any statutory appeal under this chapter or chapter ~~131~~ 121, subchapter 1A of this title, unless such failure is due to factors beyond the taxpayer's control. In addition, a taxpayer who fails to submit an inventory within the time and in the form prescribed may be fined not more than $100.00 for each violation.

Sec. 49. 32 V.S.A. § 5136(b) is amended to read:

(b) Whenever a municipality votes to collect interest on overdue taxes pursuant to this section, interest in like amount shall be paid by the municipality to any person making any overpayment of taxes occurring as a result of a redetermination of the grand list of the taxpayer on appeal provided by chapter ~~131~~ 121, subchapter 1A of this title.

Sec. 50. 32 V.S.A. § 5409(3)(B) is amended to read:

(B) Persons aggrieved by decisions of the listers or assessors may appeal in the manner provided for property tax appeals in chapter ~~131~~ 121, subchapter 1A of this title, and the Commissioner of Taxes shall have all the powers described in chapter 133 of this title.

Sec. 51. 32 V.S.A. § 5410(j) is amended to read:

(j) A taxpayer may appeal a determination of domicile for purposes of a homestead declaration or an assessment of fraud penalty under this section to the Commissioner in the same manner as an appeal under chapter 151 of this title. A taxpayer may appeal an assessment of any other penalty under this section to the listers within 14 days after the date of mailing of notice of the penalty, and from the listers to the ~~board of civil authority~~ regional assessment district appeals board, and ~~thereafter~~ to the courts or Commissioner, in the same manner as an appraisal appeal under chapter ~~131~~ 121, subchapter 1A of this title. The legislative body of a municipality shall have authority in cases of hardship to abate all or any portion of a penalty appealable to the listers under this section and any tax, penalty, and interest arising out of a corrected property classification under this section, and shall state in detail in writing the reasons for its grant or denial of the requested abatement. The legislative body may delegate this abatement authority to the board of civil authority or the board of abatement for the municipality. Requests for abatement shall be made to the municipal treasurer or other person designated to collect current taxes, and that person shall forward all requests, with that person's recommendation, to the body authorized to grant or deny abatement.

Sec. 52. 32 V.S.A. § 5412 is amended to read:

§ 5412. REDUCTION OF LISTED VALUE AND RECALCULATION OF EDUCATION TAX LIABILITY

(a)(1) If a listed value is reduced as the result of an appeal or court action made pursuant to section ~~4461~~ 3420 of this title, a municipality may submit a request for the Director of Property Valuation and Review to recalculate its education property tax liability for the education grand list value lost due to a determination, declaratory judgment, or settlement. The Director shall recalculate the municipality's education property tax liability for each year at issue, in accord with the reduced valuation, provided that:

(A) The reduction in valuation is the result of an appeal under chapter ~~131~~ 121, subchapter 1A of this title to the ~~Director of Property Valuation and Review~~ Commissioner or to a court, with no further appeal available with regard to that valuation, or any judicial decision with no further right of appeal, or a settlement of either an appeal or court action if the Director determines that the settlement value is the fair market value of the parcel. The Director may waive the requirement of continuing an appeal or court action until there is no further right of appeal if the Director concludes that the value determined by an adjudicated decision is a reasonable representation of the fair market value of the parcel.

(B) The municipality submits the request on or before January 15 for a request involving an appeal or court action resolved within the previous calendar year.

(C) [Repealed.]

(D) The Director determines that the municipality's actions were consistent with best practices published by the Property Valuation and Review in consultation with the Vermont Assessors and Listers Association. The municipality shall have the burden of showing that its actions were consistent with the Director's best practices.

(2) A determination of the Director made under subdivision (1) of this subsection may be appealed within 30 days by an aggrieved municipality to the Commissioner for a hearing to be held in accordance with 3 V.S.A. §§ 809–813. The Commissioner's determination may be further appealed to Superior Court, which shall review the Commissioner's determination using the record that was before the Commissioner. The Commissioner's determination may only be overturned for abuse of discretion.

(3) Upon the Director's request, a municipality submitting a request under subdivision (1) of this subsection shall include a copy of the agreement, determination, or final order, and any other documentation necessary to show the existence of these conditions.

(b) To the extent that the municipality has paid that liability, the Director shall allow a credit for any reduction in education tax liability against the next ensuing year's education tax liability.

(c) If a listed value is increased as the result of an appeal under chapter ~~131~~ 121, subchapter 1A of this title or court action, whether adjudicated or settled, and the Director determines that the settlement value is the fair market value of the parcel with no further appeal available with regard to that valuation, the Director shall recalculate the municipality's education property tax for each year at issue, in accord with the increased valuation, and shall assess the municipality for the additional tax at the same time the Director assesses the municipality's education tax liability for the next ensuing year, unless the resulting assessment would be less than $300.00. Payment under this section shall be due with the municipality's education tax liability for the next ensuing year.

* * *

* * * Regional Assessment District Transition * * *

Sec. 53. TRANSITION; ANNUAL PROGRESS REPORT

On or before every January 15 from January 15, 2028, to January 15, 2031, the Commissioner of Taxes shall submit a report to the House Committee on Ways and Means and the Senate Committee on Finance relating to the progress made in preparing for the implementation of regional assessment districts pursuant to this act.

Sec. 54. REGIONAL ASSESSMENT DISTRICT BOUNDARIES

(a) The Commissioner of Taxes shall identify and submit proposed geographic boundaries for regional assessment districts that are aligned with school district boundaries and have a minimum of 10,000 parcels to the House Committees on Government Operations and Military Affairs and on Ways and Means and to the Senate Committees on Finance and on Government Operations.

(b) Notwithstanding subsection (a) of this section, the Commissioner may, at the Commissioner's discretion, identify a regional assessment district boundary that includes more than one school district or identify more than one regional assessment district boundary within one school district.

(c) It is the intent of the General Assembly to enact regional assessment district boundaries based on the Commissioner's geographic boundaries proposed under this section.

Sec. 55. [Deleted.]

* * * Valuation of Certain Property in a Limited Equity Cooperative * * *

Sec. 56. [Deleted.]

Sec. 57. 32 V.S.A. § 4152 is amended to read:

§ 4152. CONTENTS

(a) When completed, the grand list of a town shall be in such form as the Director prescribes and shall contain such information as the Director prescribes, including:

* * *

(10) A separate column listing the number of dwelling units, as defined pursuant to subdivision 4152a(c)(2) of this title.

* * *

Sec. 58. 32 V.S.A. § 4152a is added to read:

§ 4152a. PROPERTY TAX CLASSIFICATIONS

(a) Establishment. Each parcel of real estate shall be classified as one or more of the classifications listed under subsection (b) of this section and based

on information and guidance provided by the Commissioner of Taxes under this section and rules adopted pursuant section 5410 of this title.

(b) Classifications. A parcel shall be assigned one or more of the following general classes:

(1) homestead;

(2) nonhomestead nonresidential; and

(3) nonhomestead residential.

(c) Definitions. As used in this section:

(1) "Commissioner" means the Commissioner of Taxes.

(2) "Dwelling unit" means a building or part of a building, including a single-family home, a unit within a multifamily building, an apartment, a condominium, or other similar property or structure containing a separate means of ingress and egress that:

(A) is designed or intended to be used for occupancy by one or more persons in a household, including providing living facilities for sleeping, cooking, and sanitary needs; and

(B) is fit for year-round habitation as determined by the Commissioner.

(3) "Homestead" has the same meaning as in subdivision 5401(7) of this title and means a parcel, or portion of a parcel, declared as a homestead on or before October 15 in accordance with section 5410 of this title for the current year.

(4)(A) "Long-term rental" means:

(i) a dwelling unit for which rent is paid for the right of occupancy for periods of at least 30 days;

(ii) a dwelling unit with combined rental periods in the current calendar year that total at least six calendar months, which need not be consecutive; and

(iii) the Commissioner determines there is a bona fide landlord-tenant relationship between the parties. To make this determination, the Commissioner may consider whether the landlord and tenant are related parties, whether the landlord charges the tenant fair market rent, whether the landlord is an entity with a business purpose other than the avoidance of tax, and any other factor the Commissioner deems relevant.

(B) "Long-term rental" also means a dwelling unit used by an employer to house the employer's employees for at least six calendar months, which need not be consecutive, in the current calendar year. As used in this section, "employee" means an individual who is reported by an employer for purposes of complying with Vermont unemployment compensation law pursuant to 21 V.S.A. chapter 17 or a farm employee as defined by 9 V.S.A. § 4469a(a)(1), without regard for whether the farm employee is reported pursuant to 21 V.S.A. chapter 17.

(5) "Nonhomestead nonresidential" means a parcel, or portion of a parcel, that does not qualify as "homestead" or "nonhomestead residential" under this section.

(6) "Nonhomestead residential" means a parcel, or portion of a parcel, with a dwelling unit that is not:

(A) a homestead;

(B) rented out as a long-term rental;

(C) a mobile home, as defined under 10 V.S.A. § 6201(1), but not including other types of manufactured homes; or

(D) part of a lodging establishment licensed under 18 V.S.A. chapter 85, subchapter 2.

(d) Mixed-use parcels. A parcel with two or more portions qualifying as different classifications shall be classified proportionally as follows:

(1) Buildings shall be classified proportionally based on the percentage of finished floor space used. Improvements and structures on a nonhomestead residential parcel shall be classified as nonhomestead residential unless used for a business purpose.

(2) Underlying land, including improvements or fixtures that lack floor space, shall be classified proportionally based on the same percentage as the finished floor space of the buildings.

(3) Notwithstanding any provision of this subsection to the contrary, the entire parcel of land surrounding a homestead shall be classified as homestead in accordance with subdivision 5401(7) of this title, including any improvements or structures considered part of a homestead under subdivision 5401(7)(F) of this title.

(4) If a portion of floor space is used for more than one purpose, the use for which the floor space is most often used shall be considered the primary use and the floor space shall be dedicated to that use for purposes of tax

classification, except as provided for a homestead under subdivision 5401(7) of this title.

(e) Forms. The Commissioner shall amend existing forms, and publish new forms, as needed to gather the necessary attestations and declarations required under this section.

(f) Use value appraisal. Nothing in this section shall be construed to alter the tax treatment or enrollment eligibility of property as it relates to use value appraisal under chapter 124 of this title.

Sec. 58a. RECOMMENDATIONS; TAX CLASSIFICATIONS APPEALS

On or before December 15, 2027, the Department of Taxes shall submit recommended legislative language to the House Committee on Ways and Means and the Senate Committee on Finance establishing the process for an aggrieved taxpayer to appeal a local or State determination affecting the tax classification of the taxpayer's property under 32 V.S.A. § 4152a, as established by this act.

Sec. 59. 32 V.S.A. § 5410 is amended to read:

§ 5410. DECLARATION OF HOMESTEAD; DWELLING USE ATTESTATION

* * *

(g) If the property identified in a declaration under subsection (b) of this section is not the taxpayer's homestead ~~or if the owner of a homestead fails to declare a homestead as required under this section~~, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill that may, as determined by the governing body of the municipality, include a penalty of up to ~~three~~ five percent of the education tax on the property. ~~However, if the property incorrectly declared as a homestead is located in a municipality that has a lower homestead tax rate than the nonhomestead tax rate or if an undeclared homestead is located in a municipality that has a lower nonhomestead tax rate than the homestead tax rate, then the governing body of the municipality may include a penalty of up to eight percent of the education tax liability on the property.~~ If the Commissioner determines that the declaration or failure to declare was with fraudulent intent, then the ~~municipality~~ Commissioner shall assess the taxpayer a penalty in an amount equal to 100 percent of the education tax on the property, plus any interest and late-payment fee or commission that may be due. Any penalty imposed under this section by a municipality and any additional property tax interest and late-payment fee or commission shall be assessed and collected by the municipality in the same manner as a property tax under chapter 133 of this title.

Notwithstanding section 4772 of this title, issuance of a corrected bill issued under this section does not extend the time for payment of the original bill nor relieve the taxpayer of any interest or penalties associated with the original bill. If the owner of a homestead fails to declare a homestead as required under this section, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill. If the corrected bill is less than the original bill and there are also no unpaid current year taxes, interest, or penalties and no past year delinquent taxes or penalties and interest charges, any overpayment shall be reflected on the corrected tax bill and refunded to the taxpayer.

* * *

(i) An owner filing a new or corrected declaration or dwelling use attestation or rescinding an erroneous declaration or dwelling use attestation after October 15 shall not be entitled to a refund resulting from the correct property classification, and any additional property tax and interest that would result from the correct classification shall not be assessed as tax and interest, but shall instead constitute an additional penalty to be assessed and collected in the same manner as penalties under subsection (g) of this section. Any change in property classification under this subsection shall not be entered on the grand list.

(j) A taxpayer may appeal a determination of domicile for purposes of a homestead declaration or an assessment of fraud penalty under this section to the Commissioner in the same manner as an appeal under chapter 151 of this title. A taxpayer may appeal an assessment of any other penalty under this section to the listers within 14 days after the date of mailing of notice of the penalty, and from the listers to the board of civil authority, and thereafter to the courts, in the same manner as an appraisal appeal under chapter 131 of this title. The legislative body of a municipality shall have authority in cases of hardship to abate all or any portion of a penalty appealable to the listers under this section and any tax, penalty, and interest arising out of a corrected property classification under this section, and shall state in detail in writing the reasons for its grant or denial of the requested abatement. The legislative body may delegate this abatement authority to the board of civil authority or the board of abatement for the municipality. Requests for abatement shall be made to the municipal treasurer or other person designated to collect current taxes, and that person shall forward all requests, with that person's recommendation, to the body authorized to grant or deny abatement.

(k) A municipality may retain any penalties and interest assessed and collected in accord with this section.

(l) "Hardship" under this section means an owner's inability to pay as certified by the Commissioner of Taxes, in the Commissioner's discretion, or means an owner filing an incorrect, or failing to file a correct, homestead declaration or dwelling use attestation due to one or more of the following:

(1) full-time active military duty of the declarant outside the State;

(2) serious illness or disability of the declarant;

(3) serious illness, disability, or death of an immediate family member of the declarant; and

(4) fire, flood, or other disaster.

(m)(1) Annually, on or before the due date for filing the Vermont income tax return, without extension, each owner of a property with a dwelling unit, as defined under subdivision 4152a(c)(2) of this title, that is not declared as a homestead pursuant to this section, may file a dwelling use attestation describing how the dwelling unit will be used in the current year for purposes of assigning a tax classification under section 4152a of this title. Properties with a dwelling unit for which no homestead declaration or dwelling use attestation have been filed shall be assigned the tax classification with the highest statewide education tax rate multiplier under section 5402(a) of this title. The Commissioner may collect any additional information through the attestation as required to administer the classification of properties pursuant to section 4152a of this title.

(2) If the Commissioner determines that a filed dwelling use attestation contains errors or omissions but does not find that the filing was made with fraudulent intent, the Commissioner shall notify the municipality, and the municipality shall issue a corrected tax bill that may, as determined by the governing body of the municipality, include a penalty of up to five percent of the education tax on the property. Any penalty imposed under this subdivision and any additional property tax interest and late-payment fee or commission shall be assessed and collected by the municipality in the same manner as a property tax under chapter 133 of this title. The municipality assessing and collecting any fee, interest, or commission under this subdivision shall retain it to pay for municipal services.

(3) If the Commissioner determines that a filed dwelling use attestation contains errors or omissions and further finds that the filing was made with fraudulent intent, then the Commissioner shall assess the taxpayer a penalty in an amount equal to 100 percent of the education tax on the property, plus any interest and late-payment fee that may be due. The Commissioner shall further notify the municipality, and the municipality shall issue a corrected tax bill.

Any penalty imposed under this subdivision and any additional property tax interest and late-payment fee shall be assessed and collected by the Commissioner.

Sec. 60. PROPERTY TAX CLASSIFICATIONS; TRANSITION; DATA COLLECTION

For calendar year 2029, the Commissioner of Taxes shall amend and create forms so that taxpayers report information on the use of their property for such property to be classified as homestead, nonhomestead residential, nonhomestead nonresidential, or a proportional classification of those uses. The information collected, and classifications determined, shall align with the definitions and requirements of this act. The Commissioner shall use the information to determine and assign a tax classification for every grand list parcel, and on or before October 1, 2029, the Commissioner shall provide that information to the Joint Fiscal Office.

Sec. 61. REPEALS

2025 Acts and Resolves No. 73, Secs. 60 (grand list contents), 61 (property tax classifications), 61a (transition; data collection), 61c (rate multipliers; intent), and 61d (prospective repeal) are repealed.

Sec. 62. TAX CLASSIFICATIONS; RATE MULTIPLIERS; INTENT

It is the intent of the General Assembly that the creation of a tax classification system, and the specific tax classifications to be used by that system, will be reevaluated at the same time as any further amendment of the tax rate multipliers created under 32 V.S.A. § 6066(a) as amended by 2025 Acts and Resolves No. 73.

Sec. 63. PROSPECTIVE REPEAL

In order to ensure the successful implementation of education finance reform as set forth in this act, in the absence of legislative action on or before July 1, 2030, that creates a new tax rate multiplier to be used in a tax classification system, Secs. 58, 59, and 64 of this act are repealed on July 1, 2030.

Sec. 64. 32 V.S.A. § 5401 is amended to read:

§ 5401. DEFINITIONS

As used in this chapter:

* * *

(7) "Homestead":

(A) "Homestead" means the principal dwelling and parcel of land surrounding the dwelling, owned and occupied by a resident individual as the individual's domicile or owned and fully leased on April 1, provided the property is not leased for more than 182 days out of the calendar year or, for purposes of the renter credit under subsection 6066(b) of this title, is rented and occupied by a resident individual as the individual's domicile.

(B) The parcel of land surrounding the dwelling shall be determined without regard to any road that intersects the land. If the parcel of land surrounding the dwelling is owned by a cooperative housing corporation incorporated under 11 V.S.A. chapter 14 or owned by a nonprofit land conservation corporation or community land trust with exempt status under 26 ~~U.S.C~~ U.S.C. § 501(c)(3), the homestead includes a pro rata part of the land upon which the dwelling is built, as determined by the cooperative corporation, nonprofit corporation, or land trust.

(C) A homestead may consist of a part of a multidwelling or multipurpose building, including cooperative property occupied as a permanent residence by a member of a cooperative housing corporation incorporated under 11 V.S.A. chapter 14. A mobile home may constitute a principal dwelling for purposes of this chapter.

(D) A dwelling owned by a trust may qualify as a homestead if it meets the requirements of subsection 6062(e) of this title.

(E)(i) A homestead also includes a dwelling on the homestead parcel owned by a farmer as defined under section 3752 of this title and occupied as the permanent residence by a parent, sibling, child, or grandchild of the farmer or by a shareholder, partner, or member of the farmer-owner, provided that the shareholder, partner, or member owns more than 50 percent of the farmer-owner, including attribution of stock ownership of a parent, sibling, child, or grandchild.

(ii) A homestead further includes the principal dwelling of a widow or widower, provided the dwelling is owned by the estate of the deceased spouse and it is reasonably likely that the dwelling will pass to the widow or widower by law or valid will when the estate is settled.

(F) A homestead also includes any other improvement or structure on the homestead parcel that is not used for business purposes, including a nonprincipal dwelling used exclusively by the owner for domestic purposes as part of the homestead on the same parcel. A homestead does not include that portion of a principal dwelling used for business purposes if the portion used for business purposes includes more than 25 percent of the floor space of the building.

(G) For purposes of homestead declaration and application of the homestead property tax rate, "homestead" also means a residence that was the homestead of the decedent at the date of death and, from the date of death through the next April 1, is held by the estate of the decedent and not rented.

(H) A homestead does not include any portion of a dwelling that is rented, and a dwelling is not a homestead for any portion of the year in which it is rented.

(I) A homestead also includes any dwelling that is used as a homestead without regard for whether it is fit for year-round habitation.

* * *

* * * State Aid for School Construction * * *

Sec. 65. SCHOOL CONSTRUCTION; FINDINGS; INTENT

(a) The General Assembly finds that:

(1) Much of Vermont's school facilities portfolio is at or near the end of its useful life and will require substantial investment to address deferred maintenance and other necessary updates. The school facilities assessments conducted pursuant to 2021 Acts and Resolves No. 72 identified over $6,000,000,000.00 in total needs over a 21-year period, with an average annual need of $300,000,000.00 just to achieve replacement in kind. These needs have only grown since their estimation in 2023.

(2) Under Vermont's current education finance system, school construction expenditures are paid from the Education Fund and apply pressure to property taxes. While non–property tax revenues support a share of Education Fund expenditures, property tax revenues make up the bulk of the Education Fund and are expected to make up an even larger share as Education Fund expenditures outpace growth in non–property tax revenues.

(3) Although school construction decision making is controlled at the local level, the costs of that decision making are spread across all property taxpayers in Vermont. A school district's decision to bond for a school construction project increases both the district's homestead property tax rate and the property tax rates of school districts across Vermont.

(4) Vermont's school budgeting process asks school districts and property taxpayers to weigh operating expenditures against capital expenditures within the same budgetary constraints. So long as both costs are borne by the property tax, school districts are disincentivized from taking on school construction projects, and certain communities in Vermont may struggle to support even necessary school construction expenditures.

(5) The foundation formula created in 2025 Acts and Resolves No. 73 did not provide funding for additional capital investment in school facilities. Unless additional revenue sources are utilized or an alternative financing model is identified, new school construction projects will continue to be funded from the Education Fund and will continue to apply pressure to property taxpayers across Vermont.

(b) It is the intent of the General Assembly to:

(1) create greater scale, increase the efficiency of the delivery of education services, and encourage the efficient use of funds by prioritizing school construction projects that align with the creation of the new school governance structures expressed in this act;

(2) address inequities in education funding across the State and remove disincentives to the construction of necessary and educationally appropriate school facilities by offering State aid in the form or forms best suited to a school district's local context and needs;

(3) recognize the urgency and opportunity offered by Vermont's education transformation as expressed in this act and 2025 Acts and Resolves No. 73 by identifying alternative models for funding school construction;

(4) in the short term, catalyze the State Aid for School Construction Program by providing State aid in the form of up to an additional $50,000,000.00 annually in State bonding capacity to support the construction or renovation of school facilities that support the consolidation of school governance structures and improve access to educational opportunities for public school students;

(5) in the long term, provide State aid in the form of a debt service subsidy to school districts pursuing school construction projects that align with the goals of the State Aid for School Construction Program;

(6) throughout Vermont's education transformation, provide State aid through multiple funding streams until the burden on property taxpayers imposed by school construction expenditures can be reduced; and

(7) leverage the capacities of the Vermont Bond Bank to simplify bond issuances for school districts, increase financing opportunities, and protect the State's credit rating.

Sec. 66. AGENCY OF EDUCATION; SCHOOL CONSTRUCTION DIVISION; POSITIONS; APPROPRIATION

(a) The establishment of the following new limited service classified positions is authorized in the Agency of Education in fiscal year 2027:

(1) one School Construction Program Director;

(2) one Financial Manager I;

(3) one School Construction Coordinator; and

(4) one Architectural Design Reviewer or Educational Facility Planner.

(b) The sum of $500,000.00 is appropriated from the General Fund to the Agency of Education in fiscal year 2027 for the positions established in subsection (a) of this section.

(c) The Secretary of Education shall include as part of the Agency's budget submitted to the Governor pursuant to 16 V.S.A. § 212(21) for fiscal year 2028 a request to provide appropriate funding levels for the positions created by this section, and any other positions necessary, to permanently staff the School Construction Division of the Agency.

(d) The School Construction Division shall provide comprehensive technical assistance to the Agency of Education and the State Aid for School Construction Advisory Board on the implementation of the State Aid for School Construction Program.

Sec. 66a. FACILITIES MASTER PLAN GRANT PROGRAM; APPROPRIATION

The sum of $1,000,000.00 is transferred from the General Fund to the School Construction Aid Special Fund in fiscal year 2027 for the purpose of awarding grants through the Facilities Master Plan Grant Program established in 16 V.S.A. § 3441 to supervisory unions for the development of educational facilities master plans as part of the study committee process created in Sec. 13 of this act.

Sec. 67. AGENCY OF EDUCATION; STATE AID FOR SCHOOL CONSTRUCTION; RULEMAKING

On or before March 1, 2028, the Agency of Education, in consultation with the State Aid for School Construction Advisory Board, shall adopt rules on school construction and capital outlay pursuant to 3 V.S.A. chapter 25 and 16 V.S.A. § 3442(2), including rules to address prioritization and bonus incentives that reward school districts for:

(1) consolidating school governance structures, whether through the study committee process under Sec. 13 of this act or by other voluntary means;

(2) improving access for public school students to excellent educational opportunities, including CTE, shared special education services for high-needs students, and improved comprehensive curricular offerings; and

(3) remediating or eliminating health and safety issues.

Sec. 68. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD; IDENTIFICATION OF REGIONAL HIGH SCHOOLS AND REHABILITATION OPPORTUNITIES; REPORT

(a) On or before December 1, 2026, the State Aid for School Construction Advisory Board shall provide a written report to the General Assembly that:

(1) identifies three to five feasible opportunities for the construction or renovation of regional high schools to promote the consolidation of school governance structures and improve access for public school students to excellent educational opportunities, including CTE, shared special education services for high-needs students, and improved comprehensive curricular offerings; and

(2) provides a preliminary siting study for each identified school construction project that includes the cost, location, and any other factor the Board deems relevant to the General Assembly's consideration of the project.

(b) In developing the Board's report, the Board shall specifically consider how to achieve appropriate scale, given research on school size and travel times, and how to achieve regional comprehensive high schools.

Sec. 68a. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM; INTENT

It is the intent of the General Assembly to clarify that the State shall not offer aid under the State Aid for School Construction Program under 16 V.S.A. chapter 123 until the General Assembly has received the Treasurer's recommendation under 16 V.S.A. § 3445(a)(6)(C) on total State bonding support and annual debt service subsidies to be awarded under the Program, the Agency of Education has operationalized its School Construction Division and completed rulemaking on school construction and capital outlay, and the General Assembly has committed to a stable funding source, which may be State bonding support, to support the Program.

Sec. 69. 16 V.S.A. § 3440 is amended to read:

§ 3440. STATEMENT OF POLICY

(a) It is the intent of this chapter to encourage the efficient use of public funds to modernize school infrastructure in alignment with current educational needs. School construction projects supported by this chapter should be developed taking consideration of standards of quality for public schools under section 165 of this title and prioritizing cost, geographic accessibility, 21st century education facilities standards, statewide enrollment trends, and

capacity and scale that support best educational practices. Further, it is the intent of this chapter to encourage the use of existing infrastructure to meet the needs of Vermont students. Joint construction projects between two or more school districts and consolidation of buildings within a district where feasible and educationally appropriate are encouraged.

(b) It is further the intent of this chapter to prioritize school construction projects that align with the creation of new school governance structures under legislation enacted by the General Assembly in 2026 that requires each school board to participate in a study committee to study the advisability of forming a unified union school district. It is the intent of this chapter to leverage additional State bonding capacity to support the construction of these projects while the State identifies the total school construction need to be supported by State aid offered under this chapter.

Sec. 70. 16 V.S.A. § 3442 is amended to read:

§ 3442. STATE AID FOR SCHOOL CONSTRUCTION PROGRAM

The Agency of Education shall be responsible for implementing the State Aid for School Construction Program according to the provisions of this chapter. The Agency shall be responsible for:

* * *

(2) adopting rules pursuant to 3 V.S.A. chapter 25 pertaining to school construction and capital outlay, including rules to specify a point prioritization methodology and a bonus incentive structure aligned with the legislative intent expressed in section 3440 of this title;

(3) including as part of its budget submitted to the Governor pursuant to subdivision 212(21) of this title its annual school construction funding request, including any projects contemplated under subsection 3440(b) of this chapter for funding through State bonding;

* * *

Sec. 71. 16 V.S.A. § 3443 is amended to read:

§ 3443. STATE AID FOR SCHOOL CONSTRUCTION ADVISORY BOARD

* * *

(e) Assistance. The Board shall have the administrative, technical, and legal assistance of the Agency of Education, the School Construction Division, and the School Construction Program Director.

* * *

(g) ~~Report. On or before December 15, 2025, the Board shall submit a written report to the House Committees on Education and on Ways and Means and the Senate Committees on Education and on Finance on recommendations for addressing the transfer of any debt obligations from current school districts to future school districts as contemplated by Vermont's education transformation.~~ [Repealed.]

Sec. 72. 16 V.S.A. § 3445 is amended to read:

§ 3445. APPROVAL AND FUNDING OF SCHOOL CONSTRUCTION PROJECTS

(a) Construction aid.

(1) Preliminary application for construction aid. A school district eligible for assistance under section 3447 of this title that intends to construct or purchase a new school, or make extensive additions or alterations to its existing school, and desires to avail itself of State school construction aid shall submit a written preliminary application to the Secretary. A preliminary application shall include information required by the Agency by rule and shall specify the need for and purpose of the project.

(2) Approval of preliminary application.

(A) When reviewing a preliminary application for approval, the Secretary shall consider:

(i) regional educational opportunities and needs, including school building capacities across school district boundaries, and available infrastructure in neighboring communities;

(ii) economic efficiencies;

(iii) the suitability of an existing school building to continue to meet educational needs; and

(iv) statewide educational initiatives.

(B) The Secretary may approve a preliminary application if:

(i)(I) the project or part of the project fulfills a need occasioned by:

(aa) conditions that threaten the health or safety of students or employees;

(bb) facilities that are inadequate to provide programs required by State or federal law or regulation;

(cc) excessive energy use resulting from the design of a building or reliance on fossil fuels or electric space heat; or

(dd) deterioration of an existing building; or

(II) the project results in consolidation of two or more school buildings and will serve the educational needs of students in a more cost-effective and educationally appropriate manner as compared to individual projects constructed separately;

(ii) the need addressed by the project cannot reasonably be met by another means;

(iii) the proposed type, kind, quality, size, and estimated cost of the project are suitable for the proposed curriculum and meet all legal standards;

(iv) the applicant ~~achieves the level of "proficiency"~~ demonstrates proficiency in the school district quality standards regarding facilities management adopted by rule by the Agency; ~~and~~

(v) the applicant has completed a facilities master planning process that:

(I) engages robust community involvement;

(II) considers regional solutions;

(III) evaluates environmental contaminants; and

(IV) produces a facilities master plan that unites the applicant's vision statement, educational needs, enrollment projections, renovation needs, and construction projects; and

(vi) if the applicant school district is applying for construction aid for a school building that was constructed or renovated before 1980, the applicant has completed indoor air quality testing for polychlorinated biphenyls that was conducted according to the Department of Environmental Conservation's standards for testing.

(3) Priorities. Following approval of a preliminary application and provided that the district has voted funds or authorized a bond for the total estimated cost of a project, the Agency, with the advice of the State Aid for School Construction Advisory Board, shall assign points to the project as prescribed by rule of the Agency so that the project can be placed on a priority list based on the number of points received.

(4) Request for legislative appropriation. The Agency shall submit its annual school construction funding request to the Governor as part of its

budget pursuant to subdivision 212(21) of this title and shall clearly identify those projects contemplated under subsection 3440(b) of this chapter for funding through State bonding. Following submission of the Governor's recommended budget to the General Assembly pursuant to 32 V.S.A. § 306 and submission of the Governor's recommended capital budget to the General Assembly pursuant to 32 V.S.A. § 309, the House ~~Committee~~ Committees on Education and on Ways and Means and the Senate ~~Committee~~ Committees on Education and on Finance shall recommend a total school construction appropriation for the next fiscal year to the General Assembly for inclusion in the education payment under subsection 4011(a) of this title.

(5) Final approval for construction aid.

(A) Unless approved by the Secretary for good cause in advance of commencement of construction, a school district shall not begin construction before the Secretary approves a final application. A school district may submit a written final application to the Secretary at any time following approval of a preliminary application.

(B) The Secretary may approve a final application for a project provided that:

(i) the project has received preliminary approval;

(ii) the district has voted funds or authorized a bond for the total estimated cost of the project, provided that the district shall not issue the bond until the Secretary notifies the district of its State bonding support;

(iii) the district has made arrangements for project construction supervision by persons competent in the building trades;

(iv) the district has provided for construction financing of the project during a period prescribed by the Agency;

(v) the project has otherwise met the requirements of this chapter;

(vi) if the proposed project includes a playground, the project includes a requirement that the design and construction of playground equipment follow the guidelines set forth in the U.S. Consumer Product Safety Commission Handbook for Public Playground Safety; and

(vii) if the total estimated cost of the proposed project is less than $50,000.00, no performance bond or irrevocable letter of credit shall be required.

(C) The Secretary may provide that a grant for a high school project is conditioned upon the agreement of the recipient to provide high school

instruction for any high school pupil living in an area prescribed by the Agency who may elect to attend the school.

(D) A district may begin construction upon receipt of final approval. However, a district shall not be reimbursed for debt incurred due to borrowing of funds in anticipation of aid under this section.

(6) Award of construction aid.

(A) The base amount of an award shall ~~be~~ fund ~~20~~ 30 percent of the ~~eligible debt service~~ total approved cost of a project. Projects are eligible for additional bonus incentives as specified in rule ~~for~~ to fund up to an additional ~~20~~ 45 percent of the ~~eligible debt service~~ total approved cost.

(B) Construction aid shall be awarded as a debt service subsidy, as support through State bonding, or as a combination of both. Amounts shall be awarded annually and are subject to an annual appropriation for the purposes of the program.

~~(B) As used in subdivision (A) of this subdivision (6), "eligible debt service cost" of a project means the product of the lifetime cost of the bond authorized for the project and the ratio of the approved cost of a project to the total cost of the project.~~

(C) Annually, the Treasurer, in consultation with the Capital Debt Affordability Advisory Committee (CDAAC), shall recommend to the House Committees on Education, on Ways and Means, and on Corrections and Institutions and the Senate Committees on Education, on Finance, and on Institutions the annual total State bonding support available for the capital budget and this Program and the annual debt service subsidies to be awarded under this chapter. The recommendation shall include an analysis of how the use of State bonding support for school construction under this Program affects overall capital budget capacity.

(b) Emergency aid. Notwithstanding any other provision of this section, the Secretary may grant aid for a project the Secretary deems to be an emergency in the amount of 30 percent of eligible project costs, up to a maximum eligible total project cost of $300,000.00.

(c) Wage requirements. Any contract awarded for school construction that is paid for with State aid shall adhere to the higher of:

(1) the prevailing wage requirements established for State construction projects under 29 V.S.A. § 161(b); or

(2) the prevailing local wage requirements as determined by the U.S. Department of Labor under the Davis-Bacon Act, 40 U.S.C. §§ 3141–3148, and related federal acts and regulations.

Sec. 73. REPEAL

16 V.S.A. § 3454 (deferred maintenance) is repealed.

Sec. 74. 16 V.S.A. § 4033 is added to read:

§ 4033. LEGACY DEBT AID

(a) A school district shall be eligible to receive legacy debt aid pursuant to this section only if the district is not identified as a bad faith participant in the facilitator report submitted pursuant to Sec. 15 of legislation enacted by the General Assembly in 2026 that requires each school board to participate in a study committee to study the advisability of forming a unified union school district.

(b) An eligible school district's legacy debt aid shall equal 75 percent of the debt service cost of any debt that is approved by the voters of the district related to facility construction and renovation and for which construction has begun as of December 31, 2025.

(c) Aid shall be awarded annually for annual debt service costs up to a maximum total annual amount of $45,750,000.00 and is subject to an annual appropriation for the purposes of the legacy debt aid.

Sec. 75. 16 V.S.A. § 4011(a) is amended to read:

(a) Annually, the General Assembly shall appropriate funds for an education payment to pay for statewide education spending ~~and~~, a portion of a base education amount for each adult education and secondary credential program student, and any other amounts the State is obligated to provide under this chapter or chapter 123 of this title.

Sec. 76. 16 V.S.A. § 4011(a) is amended to read:

(a) Annually, the General Assembly shall appropriate funds for an education payment to pay for each school district's educational opportunity payment and supplemental district spending, as defined in 32 V.S.A. § 5401, the small schools and sparsity support grants under section 4019 of this chapter, ~~and~~ a portion of a categorical base amount for each adult education and secondary credential program student, and any other amounts the State is obligated to provide under this chapter or chapter 123 of this title.

Sec. 77. 32 V.S.A. § 5401(22) is amended to read:

(22) "Supplemental district spending" means the spending that the voters of a school district approve in excess of the school district's educational opportunity payment, as defined in 16 V.S.A. § 4001(17), for the fiscal year, provided that the voters of a school district other than an interstate school district shall not approve spending in excess of five percent of the product of the base amount, as defined in 16 V.S.A. § 4001(16), and the school district's long-term membership, as defined in 16 V.S.A. § 4001(7). The cap on supplemental district spending shall not apply to school construction expenditures.

Sec. 77a. 24 V.S.A. § 1758 is amended to read:

§ 1758. CONDUCT OF MEETINGS

(a) Meetings of voters in municipal corporations under this subchapter shall be conducted in the same manner as the annual city and town meetings are conducted. The qualifications of voters at such meetings shall be the same as the qualifications of voters at annual city and town meetings. The vote on the question of issuing bonds for such improvements shall be by Australian ballot. The form of the ballot to be used shall be substantially as follows:

I. Shall the bonds of the ..... of ..... in an amount not to exceed ..... be issued for the purpose of .....?

If in favor of the bond issue, make a cross (x) in this square □.

If opposed to the bond issue, make a cross (x) in this square □.

In the discretion of the ~~legislative branch~~ Legislative Branch, the form of the ballot may also state the maximum rate of interest to be paid on the bonds, in which case the form of the ballot to be used shall be substantially as follows:

I. Shall bonds of the ..... of ..... in an amount not to exceed ..... bearing interest not to exceed ..... percent, be issued for the purpose of .....?

If in favor of the bond issue, make a cross (x) in this square □.

If opposed to the bond issue, make a cross (x) in this square □.

(b) If a school board submits to its voters the proposition of incurring a bonded debt to pay for an improvement, the form of the ballot shall be as set forth in subsection (a) of this section, however:

(1) If the entire costs of the improvement are not eligible for State construction aid pursuant to 16 V.S.A. chapter 123 because the costs exceed

the maximum allowed by formula established by the ~~State Board of Education~~ Agency of Education, the ballot text set forth in subsection (a) shall be preceded by the following introductory sentences:

The ..... school board proposes to incur bonded indebtedness for the purpose of ..... at the estimated total project cost of $ ..... . It is estimated that ..... percent of the project will not be eligible for State school construction aid because its (unit costs and/or allowable space) cause it to exceed the maximum cost for state participation under the ~~State Board of Education's~~ Agency of Education's formula for school construction. Therefore, the ..... percent of the project that is estimated to be ineligible under the formula shall be built at 100% school district cost without State participation. The cost of the portion of construction which is ineligible under the formula is $ ..... .

(2) The ballot may contain language conditioning commencement of the improvement by the school board on receipt of final approval by the ~~State Board of Education~~ Agency of Education for State construction aid under 16 V.S.A. § ~~3448(a)(5)~~ 3445(a)(5).

(3) The warning and ballot shall contain the following set forth in bold-faced type:

State funds may not be available at the time this project is otherwise eligible to receive State school construction aid. The district is responsible for all costs incurred in connection with any borrowing done in anticipation of State school construction aid.

Funds to cover annual debt service costs on the bonds shall be raised through the district's supplemental district spending tax. Any bonded indebtedness incurred for school construction shall constitute an ongoing obligation of the district not subject to annual authorization of supplemental district spending.

(c) A public informational hearing adhering to the requirements of 17 V.S.A. § 2680(g) shall be held to discuss the proposition of a school district incurring a bonded debt to pay for an improvement. At such hearing, the school board shall distribute to the participants a written estimate of the following factors:

(1) ~~the~~ The percentage of the costs of the improvement that will not be eligible for State school construction aid because its unit costs or allowable space, or both, cause it to exceed the maximum cost for State participation under the ~~State Board of Education's~~ Agency of Education's formula for school construction.

(2)(A) The estimated supplemental district spending tax rate that would be required to pay annual debt service costs on the bonds for each of the following aid scenarios:

(i) if the district receives no State aid for the project;

(ii) if the district receives State aid of 30% of the total approved cost of the project; and

(iii) if the district receives State aid of 75% of the total approved cost of the project.

(B) The board shall notify the participants of the following assumptions that shall be made when estimating annual supplemental district spending tax rates to pay annual debt service costs on the bonds:

(i) supplemental district spending yield equal to the current yield;

(ii) long-term membership equal to the district's current long-term membership; and

(iii) supplemental district spending equal to the estimated annual debt service cost on the bond.

(C) The board shall further notify the participants that future supplemental district spending tax rates will vary annually based on the supplemental district spending yield, the district's long-term membership, and any other supplemental district spending that the district approves for the year.

Sec. 78. 16 V.S.A. § 563 is amended to read:

§ 563. POWERS OF SCHOOL BOARDS; FORM OF VOTE

The school board of a school district, in addition to other duties and authority specifically assigned by law:

* * *

(11)(A) Shall prepare and distribute annually a proposed budget for the next school year according to such major categories as may from time to time be prescribed by the Secretary.

(B) [Repealed.]

(C) At a school district's annual or special meeting, the electorate may vote to provide notice of availability of the school budget required by this subdivision to the electorate in lieu of distributing the budget. If the electorate of the school district votes to provide notice of availability, it must specify how notice of availability shall be given, and such notice of availability shall be provided to the electorate at least 30 days before the district's annual

meeting. The proposed budget shall be prepared and distributed at least ~~ten~~ 10 days before a sum of money is voted on by the electorate. Any proposed budget shall show the following information in a format prescribed by the Secretary:

(i) all revenues from all sources, and expenses, including as separate items any assessment for a supervisory union of which it is a member and any tuition to be paid to a career technical center; and including the report required in subdivision 242(4)(D) of this title itemizing the component costs of the supervisory union assessment;

(ii) the specific amount of any deficit incurred in the most recently closed fiscal year and how the deficit was or will be remedied;

(iii) the anticipated ~~homestead~~ statewide education tax rate ~~and the percentage of household income used to determine income sensitivity in the district as a result of passage of the budget, including those portions of the tax rate attributable to supervisory union assessments~~, as adjusted for each tax classification pursuant to 32 V.S.A. § 5402; ~~and~~

(iv) the definition of "~~education spending~~ supplemental district spending," the ~~number of pupils and number of equalized pupils in~~ long-term membership of the school district, and the district's ~~education spending~~ per ~~equalized~~ pupil supplemental district spending in the proposed budget and in each of the prior three years;

(v) the supplemental district spending yield; and

(vi) the annual debt service cost of any outstanding capital indebtedness.

(D) ~~The~~ If the board determines that the district should raise funds to cover expenditures other than annual debt service obligations on outstanding capital indebtedness for school construction, the board shall present ~~the~~ a supplemental district spending budget to the voters by means of a ballot in the following form:

"Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend $ _____ for expenditures other than annual debt service obligations on any outstanding capital indebtedness, which is the amount the school board has determined to be necessary in excess of the school district's educational opportunity payment for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil ~~education~~ supplemental district spending of

$_____, which is _____% higher/lower than per pupil ~~education~~ supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per $100.00 of equalized education property value.

If these expenditures are not approved, the District estimates a supplemental district spending tax rate of _____ per $100.00 of equalized education property value to pay for the District's annual debt service obligations on outstanding capital indebtedness."

(E) If the board receives a determination of the district's State aid for school construction pursuant to 16 V.S.A. § 3445(a)(5), prior to issuing any bonds for school construction, the board shall present to the voters for one-time authorization a supplemental district spending budget to cover the annual debt service obligations for school construction by means of a ballot in the following form:

"Article #1 (School Budget):

Shall the voters of the school district approve the school board to expend $ _____, which is the amount the school board has determined to be necessary to cover the annual debt service obligations on school construction for the ensuing fiscal year?

The _____ District estimates that this proposed budget, if approved, will result in per pupil supplemental district spending of $_____, which is_____% higher/lower than per pupil supplemental district spending for the current year, and a supplemental district spending tax rate of _____ per $100.00 of equalized education property value.

If the District separately approves supplemental district spending for the ensuing fiscal year to cover expenditures other than the annual debt service obligations on school construction, the total supplemental district spending tax rate provided on the ballot for approval of those expenditures shall reflect the rate required to cover all expenditures, including the annual debt service obligations on school construction."

* * *

* * * 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)

Amendments to proposal of amendment of the Committee on Finance and Appropriations to H. 955 to be offered by Senators Hardy, Beck, Bongartz and Cummings

Senators Hardy, Beck, Bongartz and Cummings move to amend the proposal of amendment of the Committees on Finance and Appropriations as follows:

First: In Sec. 1, findings; legislative intent, in subsection (b), by adding two new subdivisions to be subdivisions (4) and (5) to read as follows:

(4) It is the policy of the State to provide substantially equal educational opportunities for all children in Vermont by authorizing two or more school districts, including an existing union school district, to form a union school district for the purpose of providing for the education of its resident students. It is therefore the intent of the General Assembly that the formation of union school districts shall be designed to encourage and support local decisions and actions that provide substantial equity of educational opportunities statewide, lead students to achieve or exceed the State's Education Quality Standards, maximize operational efficiencies, promote transparency and accountability, and be delivered at a cost that parents, voters, and taxpayers value.

(5) It is further the intent of the General Assembly in the upcoming legislative sessions to leverage the insights of the foundation formula report submitted pursuant to 2025 Acts and Resolves No. 73, Sec. 45a; the prekindergarten education funding reports submitted pursuant to Sec. 21 of this act; and the school transportation report submitted pursuant to Sec. 27b of this act to update the foundation formula enacted in 2025 Acts and Resolves No. 73 to account for the funding of all components of Vermont's education system.

Second: In Sec. 2, 16 V.S.A. chapter 10, by striking out section 602 in its entirety and inserting in lieu thereof a new section 602 to read as follows:

§ 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

* * *

(2) "Supervisory union" means an administrative, planning, and educational service unit created by the State Board under section 261 of this title that consists of two or more school districts. ~~This~~ As used in this chapter, this term also means a supervisory district and a regional career technical center school district formed pursuant to the provisions of chapter 37, subchapter 5A of this title.

(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.

Third: In Sec. 2, 16 V.S.A. chapter 10, in section 603, in subdivision (a)(3), by striking out subdivisions (E) and (F) in their entireties and inserting in lieu thereof three new subdivisions to be subdivisions (E), (F), and (G) to read as follows:

(E) Mount Abraham Unified Supervisory District;

(F) Mount Mansfield Unified Union Supervisory District; and

(G) Patricia A. Hannaford Regional Technical School District.

Fourth: In Sec. 2, 16 V.S.A. chapter 10, in section 603, in subdivision (a)(4), by striking out subdivisions (F) and (G) in their entireties and inserting in lieu thereof three new subdivisions to be subdivisions (F), (G), and (H) to read as follows:

(F) Slate Valley Unified Union Supervisory District;

(G) Southwest Regional Technical Center; and

(H) 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.

Fifth: In Sec. 2, 16 V.S.A. chapter 10, in section 603, in subdivision (a)(7), by striking out subdivision (A) in its entirety and inserting in lieu thereof two new subdivisions to be subdivisions (A) and (B) to read as follows:

(A) Barre Unified Union Supervisory District;

(B) Central Vermont Career Center;

and by relettering the remaining subdivisions to be alphabetically correct.

Sixth: In Sec. 2, 16 V.S.A. chapter 10, in section 603, in subsection (b), by striking out subdivisions (4) and (5) in their entities and inserting in lieu thereof two new subdivisions (4) and (5) to read as follows:

(4) the financial terms and conditions of membership of the ~~BOCES~~ CESA, including any applicable membership fee, which shall be allocated according to the aggregate average daily membership of each member supervisory union;

(5) the service fees for member supervisory unions and the service fees for nonmember supervisory unions, as applicable, which shall be based on the amount of services actually provided to each supervisory union, as applicable;

Seventh: In Sec. 2, 16 V.S.A. chapter 10, in section 604, in subsection (a), following the words "when requested" by inserting the words "and when approved by the CESA board"

Eighth: In Sec. 2a, 16 V.S.A. § 604(a), following the words "when requested" by inserting the words "and when approved by the CESA board"

Ninth: In Sec. 2, 16 V.S.A. chapter 10, in section 604, in subdivision (a)(2), following the word "business" by inserting ", information technology,"

Tenth: In Sec 2a, 16 V.S.A. § 604(a), in subdivision (2), following the word "business" by inserting ", information technology,"

Eleventh: By adding one new section to be Sec. 2b to read as follows:

Sec. 2b. VERMONT LEARNING COLLABORATIVE AND RIVER VALLEY TECHNICAL CENTER MEMBERSHIP

On or before December 15, 2027, the River Valley Technical Center School District and Vermont Learning Collaborative shall propose a membership adjustment pursuant to 16 V.S.A. § 608 to the General Assembly to formally include the River Valley Technical Center as a member of the Vermont Learning Collaborative. Prior to any such membership adjustment being enacted, the Vermont Learning Collaborative shall offer services to the River Valley Technical Center as requested.

Twelfth: By striking out Sec. 13, union school district creation consultation and facilitation, in its entirety and inserting in lieu thereof a new Sec. 13 to read as follows:

Sec. 13. UNION SCHOOL DISTRICT CREATION CONSULTATION AND FACILITATION; MERGER COMMITTEES

(a) Facilitator. On or before September 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 merger 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 merger 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). Facilitators shall assist merger committees with strength-based asset mapping and with developing and executing a public outreach plan that maximizes public engagement for the merger committee process.

(b) Merger committees.

(1) On or before September 15, 2026, each school district shall identify at least one current member of the board to participate in its assigned merger committee, subject to the participation requirements contained in 16 V.S.A. §§ 706 and 707.

(2) On or before October 15, 2026:

(A) Each facilitator shall group school districts within the facilitator's assigned CESA region's member supervisory unions together to form merger committees to study the advisability of forming a unified union school district. The facilitator shall consult with school district boards prior to finalizing merger 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) the total average daily membership of school districts forming a merger committee shall be a minimum of 2,000 students, as practical;

(ii) school districts shall be contiguous; and

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

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

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

(4) A merger committee formed pursuant to this section shall adhere to the processes and requirements of 16 V.S.A. chapter 11, subchapter 2, as amended by this section.

(A) If a merger committee identifies a school district as necessary that is not a member of the merger committee or that is not a member of the CESA, or both, the merger committee shall work with the applicable facilitator or facilitators to adjust merger 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 merger committee formed pursuant to this section shall be funded through appropriations made by the General Assembly for this purpose; provided, however, that if a merger 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 merger 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 merger 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 merger committee formed pursuant to this section shall include the following:

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

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

(iii) the merger 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 merger 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 merger committee was not unanimous, an analysis of the minority view of the committee, including an analysis of how any school district participating in the merger committee but not recommended to be part of the new unified union school district will, under the foundation formula:

(I) provide excellent educational opportunities that allow students to achieve or exceed the State's Education Quality Standards;

(II) maximize operational efficiencies that allow the district to meet or exceed the State's District Quality Standards;

(III) provide resident students with a genuine opportunity to participate fully and to benefit from career technical education; and

(IV) provide special education services.

(E) Members of a merger committee that determines it is inadvisable to propose the formation of a new unified union school district may form a study committee or committees and may pursue any union school district formation option available under 16 V.S.A. chapter 11 after the merger

committee members vote to dissolve the merger committee formed pursuant to this section.

(F)(i) Each merger 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 merger committee's final report issued pursuant to subdivision (D) of this subdivision (b)(4). The final report shall also include an analysis of how CTE access will be achieved for all students residing within the proposed new unified union school district.

(ii) If a merger committee's member school districts send their resident students to a regional career technical center school district (regional CTE school district) formed pursuant to 16 V.S.A. chapter 37, subchapter 5A, the final report shall include an analysis of whether the applicable regional CTE school district shall dissolve, and the CTE center operated by the regional CTE school district shall be operated by a new unified union school district formed pursuant to this section. The analysis shall include the position of the regional CTE school district.

(5) On or before September 1, 2027, each merger 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 merger 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 merger committee if the merger committee determined it was inadvisable to form a new unified union school district. If a merger committee completes its work before September 1, 2027, the committee may transmit its report to the applicable school boards, the Secretary of Education, and the State Board of Education at any time the report is ready for review, subject to the provisions of subsections (c) and (d) of this section.

(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 merger committees.

(7) The Agency of Education shall make Agency staff available to assist the facilitators by providing technical assistance to the merger committees, as requested.

(8) Throughout the merger committee process, facilitators and members of merger committees shall work together with their assigned school districts to endeavor to prevent any school district with an average daily membership of

fewer than 750 students from becoming isolated by being left out of the formation of a new unified union school district.

(c) Secretary review. If a merger committee determines that it is advisable to propose the formation of a new unified union school district, the merger committee shall 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 30 days following receipt of the report and proposed articles of agreement or on or before December 1, 2027, whichever date shall occur first, the merger 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 December 15, 2027.

(e) Vote to form a unified union school district. Notwithstanding 16 V.S.A. § 708(b)(2)(B) or any other provision of law to the contrary, if a merger committee formed pursuant to this section determines that it is advisable to propose the 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 unified union school district, in accordance with 16 V.S.A. § 710, on March 7, 2028.

(f) Merger committee status report. On or before February 1, 2027, the lead facilitator, in consultation with the Agency of Education, 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 and the Agency of Education with information regarding the membership and status of each merger committee formed pursuant to this section.

Thirteenth: By adding three new sections to be Secs. 13a, 13b, and 13c to read as follows:

Sec. 13a. SCHOOL DISTRICT MERGER PROPOSAL; GENERAL ASSEMBLY APPROVAL

(a) As used in this section, "eligible school district" means a school district that has not successfully merged with a neighboring school district on or before July 1, 2028, pursuant to Sec. 13 of this act.

(b) An eligible school district may propose to the General Assembly to merge the school district with a unified union school district by majority vote

of the legal voters of the school district present and voting at any annual or special meeting warned for that purpose in accordance with the following procedure:

(1) The board of an eligible school district may propose a plan to merge (a merger proposal) with a unified union school district created pursuant to Sec. 13 of this act, or a unified union school district already in existence on July 1, 2026, upon either a vote of the board of the eligible school district to propose a merger plan or upon a petition to do so by at least five percent of the voters of the eligible school district. An eligible school district shall only propose a plan to merge with a unified union school district that is contiguous to the eligible school district.

(2) A merger proposal shall include an analysis of the following:

(A) the educational advantages and disadvantages likely to result from both the proposed merger of the eligible school district with the unified union district and the eligible school district remaining a stand-alone school district;

(B) the financial advantages and disadvantages under the foundation formula likely to result from both the proposed merger and the eligible school district remaining a stand-alone school district;

(C) the likely operational and financial viability and sustainability of both the eligible school district remaining a stand-alone school district and the unified union district if the merger plan is approved and the eligible district ceases to exist as a stand-alone school district and becomes part of the unified union school district; and

(D) any other advantages and disadvantages of the merger proposal, including any advantages and disadvantages to the students and taxpayers of the region and the State.

(3) Within 90 days following the board of an eligible school district finalizing a merger proposal, the voters of the eligible school district shall vote on whether to approve the proposed plan of merger. The question shall be determined by Australian ballot and ballots shall be mailed to all active voters, as applicable, not later than 43 days before the election.

(4) Within 45 days after the vote held pursuant to subsection (b) of this section or 15 days after a vote to reconsider the original vote under 17 V.S.A. § 2661, whichever is later, the clerk of the eligible school district shall certify the results of the vote to the Secretary of State, who shall record the certificate and give notice of the vote to the clerk of the unified union school district that the eligible school district proposes to join and to the Secretary of Education.

(c) The Secretary of Education shall deliver copies of the certified voting results and copies of the following documents to the Clerk of the House, the Secretary of the Senate, and the chairs of the committees concerned with the formation of union school districts of both houses of the General Assembly:

(1)(A) if the merger proposal was initiated by the board of the eligible school district, the minutes recorded by the board that detail the origins of the merger proposal;

(B) if the merger proposal was initiated by voter petition, the body of the petition and evidence of the required number of petition signatures;

(2) the board's analysis required pursuant to this subsection;

(3) copies of the warnings, published notices, and minutes for each of the public hearings held to discuss the merger proposal;

(4) copies of the warnings and published notices for the meeting to vote on the merger proposal; and

(5) a copy of the ballot and the results of the vote on the merger proposal.

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

Sec. 13b. MORATORIUM ON WITHDRAWAL FROM OR DISSOLUTION OF UNION SCHOOL DISTRICT

Notwithstanding any provision of law to the contrary, a town or group of towns shall be prohibited from petitioning to withdraw from a union school district under the provisions of 16 V.S.A. § 724 or 725, as applicable, through fiscal year 2035.

Sec. 13c. SECRETARY OF STATE REPORT; TOWN MEETING DAY 2028 ELECTION RESOURCES

On or before January 15, 2027, the Secretary of State, in consultation with school district clerks, shall submit a written report to the House Committees on Education, on Government Operations and Military Affairs, and on Ways and Means and the Senate Committees on Education, on Government Operations, and on Finance with recommendations for the funding and resources necessary for school district clerks to oversee the elections to form union school districts held pursuant to Sec. 13 of this act on Town Meeting Day 2028, as well as the resources needed to ensure ballots are mailed to all active voters, as applicable. The report shall also identify foreseen challenges and any recommendations for legislative action necessary to support the work of school district clerks.

Fourteenth: In Sec. 14, guidance for study committee groupings, by striking out the section heading and lead-in paragraph in their entireties and inserting in lieu thereof a new section heading and lead-in paragraph to read as follows:

Sec. 14. GUIDANCE FOR MERGER COMMITTEE GROUPINGS

Facilitators shall use the school district groupings contained in subdivisions (1)–(18) of this section as guidance when forming merger committees pursuant to Sec. 13 of this act. The facilitators shall include advisory representation from the four regional career technical center school districts (CTE school districts) formed pursuant to the provisions of 16 V.S.A. chapter 37, subchapter 5a on any merger committee whose member school districts are served by the CTE school districts. The advisory members appointed from the CTE school districts shall be nonvoting members of the merger committee. Facilitators may form merger 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.

Fifteenth: In Sec. 14, guidance for study committee groupings, in subdivision (8), by striking out "Paine Mountain School District,"

Sixteenth: In Sec. 14, guidance for study committee groupings, in subdivision (18), following "Montpelier Roxbury School District," by inserting "Paine Mountain School District,"

Seventeenth: By striking out Sec. 14a, interim study committee reports, in its entirety and inserting in lieu thereof a new Sec. 14a to read as follows:

Sec. 14a. INTERIM MERGER 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 the final recommendations of each merger committee formed pursuant to Sec. 13 of this act.

(b) On or before January 1, 2028, the Agency of Education, in consultation with the merger 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 CESA boundary adjustments that take into account the final recommendations of the merger committees formed pursuant to Sec. 13 of this act.

Eighteenth: By striking out Sec. 15, study committee results and analysis; facilitator report, in its entirety and inserting in lieu thereof a new Sec. 15 to read as follows:

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

On or before December 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 the following:

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

(2) the results of each merger 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 merger 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 merger committee.

Nineteenth: By striking out Sec. 16, supervisory union and CESA boundaries; Agency of Education report, in its entirety and inserting in lieu thereof a new Sec. 16 to read as follows:

Sec. 16. CESA BOUNDARIES; AGENCY OF EDUCATION REPORT

On or before December 1, 2028, the Agency of Education, in consultation with the merger 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 CESA boundary adjustments that take into account the new union school districts formed or proposed to be formed pursuant to this act.

Twentieth: By adding one new section to be Sec. 16a to read as follows:

Sec. 16a. ISOLATED SCHOOL DISTRICTS; STATE BOARD OF EDUCATION REPORT

On or before November 1, 2029, the State Board of Education shall submit a written report to the House and Senate Committees on Education with the name of any school district with an average daily membership of fewer than 750 students that has not successfully merged with a neighboring school district by July 1, 2028, pursuant to Sec. 13 of this act and recommendations for whether, and, if so, how, to merge such school districts with neighboring, larger school districts in order to promote financial and operational viability for school district resources and access to excellent educational opportunities for students.

Twenty-first: By striking out Sec. 17, study committee reimbursement grants; CESA executive director grants; reports; funding, in its entirety and inserting in lieu thereof a new Sec. 17 to read as follows:

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

(a) Merger committee reimbursement grant; appropriation.

(1) The Agency of Education shall pay up to $10,000.00 to a merger 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)(4)(D) of this act. The merger 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 merger 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 merger 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.

Twenty-second: By striking out Sec. 18, 2025 Acts and Resolves No. 73, Sec. 70, and inserting in lieu thereof a new Sec. 18 to read as follows:

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~~ 2028.

* * *

(f)(1) The ~~following~~ sections enumerated in subdivision (2) of this subsection shall take effect on July 1, ~~2028~~ 2029, 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) the General Assembly has received the following reports:

(i) the foundation formula report submitted pursuant to Sec. 45a of this act; and

(ii) the facilitator report on the results of the merger committee process submitted pursuant to Sec. 15 of legislation enacted by the General Assembly in 2026 that requires each school board to participate in a merger

committee to study the advisability of forming a unified union school district; and

(B) legislation has been enacted that expresses clear legislative intent to satisfy this condition by addressing:

(i) each of the following components of the report submitted pursuant to Sec. 45a of this act: CTE, special education funding, sparsity measures, empirically supported secondary student weighting, and geographic cost differences;

(ii) the implementation of a pre-K funding mechanism; and

(iii) measures for satisfying legacy collective bargaining agreements and capital indebtedness held by school districts.

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

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

~~(3)~~(C) Secs. 34–40, 42, and 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, 2029, provided that the ~~new school districts contemplated by this act have assumed responsibility for the education of all resident students~~ General Assembly receives the facilitator report on the results of the merger committee process submitted pursuant to Sec. 15 of legislation enacted by the General Assembly in 2026 that requires each school board to participate in a merger committee to study the advisability of forming a unified union school district 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.]

Twenty-third: In Sec. 60, property tax classifications; transition; data collection, by striking out "2029" each time it appears and inserting in lieu thereof "2028"

Twenty-fourth: In Sec. 63, prospective repeal, by striking out "2030" each time it appears and inserting in lieu thereof "2029"

Twenty-fifth: In Sec. 72, 16 V.S.A. § 3445, in subsection (a), by striking out subdivision (6) in its entirety and inserting in lieu thereof a new subdivision (6) to read as follows:

(6) Award of construction aid.

(A) The base amount of an award shall ~~be 20~~ fund 30 percent of the ~~eligible debt service~~ total approved cost of a project. Projects for which the applicant is a consolidated school district 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 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.

(D) As used in subdivision (A) of this subdivision (a)(6), "consolidated school district" means either of the following:

(i) a school district that results from a merger identified as advisable in a merger committee's final recommendations offered pursuant to Sec. 13(b) of legislation enacted by the General Assembly in 2026 that requires each school board to participate on a merger committee to study the advisability of forming a unified union school district; or

(ii) a school district with an average daily membership of at least 2,000 students.

Twenty-sixth: By striking out Sec. 80, educational opportunity payments; tuition; transition; fiscal years 2031–2034, and inserting in lieu thereof a new Sec. 80 to read as follows:

Sec. 80. EDUCATIONAL OPPORTUNITY PAYMENTS; TUITION; TRANSITION; FISCAL YEARS 2030–2033

(a) Notwithstanding 16 V.S.A. § 4001(17), in each of fiscal years 2030–2033, 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 2030, the transition gap multiplied by 0.80;

(2) in fiscal year 2031, the transition gap multiplied by 0.60;

(3) in fiscal year 2032, the transition gap multiplied by 0.40; and

(4) in fiscal year 2033, the transition gap multiplied by 0.20.

(b) Notwithstanding 16 V.S.A. § 823(a), in each of fiscal years 2030–2033, 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 2030 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.

Twenty-seventh: By striking out Sec. 81, supplemental district spending; cap; transition; fiscal years 2031–2039, and inserting in lieu thereof a new Sec. 81 to read as follows:

Sec. 81. SUPPLEMENTAL DISTRICT SPENDING; CAP; TRANSITION; FISCAL YEARS 2030–2038

Notwithstanding 32 V.S.A. § 5401(22), in each of fiscal years 2030–2038, 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 2030–2034, 10 percent;

(2) in fiscal year 2035, 9 percent;

(3) in fiscal year 2036, 8 percent;

(4) in fiscal year 2037, 7 percent; and

(5) in fiscal year 2038, 6 percent.

Twenty-eighth: By striking out Sec. 82, homestead property tax rate; transition; fiscal years 2031–2034, and inserting in lieu thereof a new Sec. 82 to read as follows:

Sec. 82. HOMESTEAD PROPERTY TAX RATE; TRANSITION; FISCAL YEARS 2030–2033;

(a) Notwithstanding 32 V.S.A. § 5402, in each of fiscal years 2030–2033, 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 2030, the transition gap multiplied by 0.80;

(2) in fiscal year 2031, the transition gap multiplied by 0.60;

(3) in fiscal year 2032, the transition gap multiplied by 0.40; and

(4) in fiscal year 2033, 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 2030 were it calculated assuming no tax rate transition under this section from the homestead property tax rate for the school district in fiscal year 2029.

Twenty-ninth: In Sec. 83, homestead property tax rate; transition; report, by striking out "2028" and inserting in lieu thereof "2027"

Thirtieth: In Sec. 84, 2025 Acts and Resolves No. 73, Sec. 53(b), by striking out "2028" and inserting in lieu thereof "2027"

Thirty-first: In Sec. 85, 32 V.S.A. § 5414, in subdivision (e)(1), by striking out "2031" and inserting in lieu thereof "2030"

Thirty-second: By striking out Sec. 86, effective dates, and inserting in lieu thereof a new Sec. 86 to read as follows:

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, 2026, and shall apply to grand lists lodged beginning in calendar year 2027.

(4) Sec. 60 (transition provisions) shall take effect on January 1, 2028, provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1)(A)(i), as amended by this act, have been met.

(5) Sec. 77a (24 V.S.A. § 1758) and Sec. 78 (16 V.S.A. § 563) shall take effect on January 15, 2029, provided that the conditions under 2025 Acts and Resolves No. 73, Sec. 70(f)(1), 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), and Secs. 80–82 (foundation formula transitions) shall take effect on July 1, 2029, 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. 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)(ii), as amended by this act, have been met.

(8) 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.

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. 915.

An act relating to establishing an extended producer responsibility program for beverage containers.

H. 928.

An act relating to technical corrections to fish and wildlife statutes.

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)

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 issues his or her~~ 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 ~~10~~ 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) (c)~~ 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 (c) 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 entireties 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 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 Senate 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 entireties 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

NOTICE CALENDAR

Second Reading

Favorable

H. 294.

An act relating to telecommunications services and wages in correctional facilities.

Reported favorably by Senator Major for the Committee on Institutions.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 19, 2026, pages 3395-3398, and March 20, 2026, page 3448)

Favorable with Proposal of Amendment

H. 567.

An act relating to unclaimed property, State retirement systems, and capital debt.

Reported favorably by Senator White for the Committee on Government Operations.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 25, 2026, pages 3561-3563)

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

The Committee recommends that the Senate propose to the House to amend the bill by adding a reader assistance heading and a new section to be Sec. 24a to read as follows:

* * * Vermont Higher Education Endowment Trust Fund Report * * *

Sec. 24a. VERMONT HIGHER EDUCATION ENDOWMENT TRUST FUND REPORT

(a) On or before January 15, 2027, the State Treasurer 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 regarding the Vermont Higher Education Endowment Trust Fund.

(b) As part of the report, the Treasurer shall provide recommendations on the following items:

(1) mechanisms, including requiring consultation with the Vermont Higher Education Endowment Trust Fund Council, for ensuring appropriate fiduciary oversight of the use of the Fund to ensure that the endowed funds, including principal and interest earnings, are available for the intended purpose of providing scholarships to Vermont students;

(2) how to expand or modify the membership of the Council to include student representatives of the recipient institutions of higher education; and

(3) how to expand the scope of scholarship awards, including award amounts, types of degrees covered, and institutions of higher education included in the scholarship program.

(c) In developing the report required by this section, the Treasurer shall consult with the Council and the respective student government associations of the University of Vermont, Community College of Vermont, and other institutions within the Vermont State Colleges System.

(Committee vote: 6-0-1)

Reported favorably by Senator Perchlik for the Committee on Appropriations.

respectfully report that it has considered the same and recommend that the bill ought to pass in concurrence, without proposal of amendment as offered by the Committee on Finance.

(Committee vote: 7-0-0)

H. 772.

An act relating to residential rental agreements, eviction procedures, and the creation of the positive rental payment credit reporting pilot program.

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

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

* * * Residential Rental Agreements * * *

Sec. 1. 9 V.S.A. chapter 137 is amended to read:

CHAPTER 137. RESIDENTIAL RENTAL AGREEMENTS

Subchapter 1. General

§ 4451. DEFINITIONS

As used in this chapter:

* * *

(11) "Domestic abuse" has the same meaning as abuse in 15 V.S.A. § 1101(1).

(12) "Protected tenant" has the same meaning as in section 4471 of this title.

(13) "Sexual assault" has the same meaning as in 12 V.S.A. § 5131(5).

(14) "Stalking" has the same meaning as in 12 V.S.A. § 5131(6).

* * *

Subchapter 2. Residential Rental Agreements

§ 4455. TENANT OBLIGATIONS; PAYMENT OF RENT; RENT INCREASES

(a) Rent is payable without demand or notice at the time and place agreed upon by the parties.

(b) An increase in rent shall take effect on the first day of the rental period following no less than 60 days' actual notice to the tenant.

(c) A landlord shall not increase rent more than once in any 12-month period. This subsection shall not prohibit a landlord from increasing rent after the purchase of a dwelling unit subject to the requirements of this section.

* * *

§ 4456a. RESIDENTIAL RENTAL APPLICATION

(a)(1) A landlord or a landlord's agent shall not charge an application fee to any individual in order to apply to enter into a rental agreement for a residential dwelling unit. This subsection shall not be construed to prohibit a person from charging a fee to a person in order to apply to rent commercial or nonresidential property.

(2) As used in this section, an "application fee" means any fee, charge, or cost to submit a residential rental application including any third-party processing payment.

(3) A landlord or a landlord's agent may charge actual costs to conduct a background or credit check of an applicant, unless the tenant or applicant provides a current credit report as part of the application, in which case the landlord or landlord's agent shall not charge for a credit check. For purposes of this subdivision, a "current credit report" means a report dated within 90 days prior to the date of the residential rental application.

(4) If charging for a background or credit check on an applicant, the landlord or the landlord's agent shall provide a copy of the results of the background or credit check to the applicant.

* * *

(c) A person who violates this section commits an unfair practice in commerce in violation of section 2453 of this title.

* * *

§ 4461. SECURITY DEPOSITS

(a)(1) A security deposit is any advance, deposit, or prepaid rent, however named, which is refundable to the tenant at the termination or expiration of the tenancy. The function of a security deposit is to secure the performance of a tenant's obligations to pay rent and to maintain a dwelling unit.

(2) A landlord shall not charge for or receive a security deposit exceeding an amount equal to two months' rent, in addition to any rent for the first month paid on or before initial occupancy.

(3) Subject to the requirements of this section, a landlord may charge a separate security deposit in addition to the amount authorized in subdivision (2) of this subsection as a condition for allowing the tenant to have a pet or pets during the rental period. A landlord shall not charge any amount under this subdivision for any animal that mitigates a disability.

* * *

(c) A landlord shall return the security deposit along with a written statement itemizing any deductions to a tenant within 14 days ~~from~~ after the date on which the landlord discovers that the tenant vacated or abandoned the dwelling unit or the date the tenant vacated the dwelling unit, provided the landlord received notice from the tenant of that date. In the case of the seasonal occupancy and rental of a dwelling unit not intended as a primary residence, the security deposit and written statement shall be returned within 60 days.

* * *

(g)(1) A town or municipality may adopt an ordinance governing security deposits on dwellings. The ordinance shall be supplemental to and not inconsistent with the minimum protections of the provisions of this section.

(2) The ordinance ~~may~~ shall not limit how a security deposit is held.

(3) The ordinance may:

(A) Limit the amount a landlord may charge for a security deposit to an amount less than two month's rent as provided in subdivision (a)(2) of this section.

(B) ~~authorize~~ Authorize the payment of interest on a security deposit.

(C) ~~The ordinance may provide~~ Provide that a housing board of review constituted pursuant to 24 V.S.A. § 5005 may hear and decide disputes related to security deposits upon request for a hearing by a landlord or tenant. The board's actions shall be reviewable under 24 V.S.A. § 5006.

* * *

§ 4465. RETALIATORY CONDUCT PROHIBITED

(a) A landlord of a residential dwelling unit may not retaliate by establishing or changing terms of a rental agreement or by bringing or threatening to bring an action against a tenant who:

(1) has complained to a governmental agency charged with responsibility for enforcement of a building, housing, or health regulation of a violation applicable to the premises materially affecting health and safety;

(2) has complained to the landlord of a violation of this chapter; ~~or~~

(3) has organized or become a member of a tenant's union or similar organization;

(4) has taken any legal action authorized by law against the landlord; or

(5) has contacted law enforcement to respond to an instance of domestic abuse.

(b) If the landlord acts in violation of this section, the tenant is entitled to recover damages and reasonable attorney's fees and has a defense in any retaliatory action for possession.

(c) If a landlord serves notice of termination of tenancy on any grounds other than for nonpayment of rent within 90 days after notice by any municipal or State governmental entity that the premises are not in compliance with applicable health or safety regulations, there is a rebuttable presumption that any termination by the landlord is in retaliation for the tenant having reported the noncompliance.

* * *

§ 4467. TERMINATION OF TENANCY; NOTICE

* * *

(b) Termination for breach of rental agreement.

* * *

(3) A landlord shall not terminate a rental agreement under this subsection based on a person seeking medical assistance for a drug overdose, being the subject of a good faith request for medical assistance, or being at the scene of a drug overdose or within close proximity of the scene of a drug overdose as provided in 18 V.S.A. § 4254 and evidence obtained from the good faith request for medical assistance for a drug overdose shall not be used in an ejectment action brought under 12 V.S.A. chapter 169.

(4)(A) A landlord shall not terminate a rental agreement of a protected tenant under this subsection (b) because of an incident or pattern of domestic abuse, sexual assault, or stalking.

(B) A protected tenant may request to bifurcate the rental agreement as authorized in section 4472a of this title.

* * *

Sec. 1a. 9 V.S.A. § 4472a is added to read:

§ 4472a. RIGHT TO BIFURCATION OF A RENTAL AGREEMENT

(a)(1) Notwithstanding a contrary provision of a rental agreement or of subchapter 2 of this chapter, a landlord may approve a protected tenant's written request to bifurcate a rental agreement in order to eject, remove, or

terminate a rental agreement with any individual who is a tenant or lawful occupant of the dwelling unit that engages in abuse, sexual assault, or stalking, against the protected tenant without ejecting, removing, or terminating the rental agreement with the protected tenant.

(2) If the protected tenant includes with a written request to bifurcate the rental agreement a copy of a court order that requires the perpetrator to leave the premises, a landlord shall bifurcate a rental agreement in order to eject, remove, or terminate a rental agreement to any individual who is a tenant or lawful occupant of the dwelling unit that engages in abuse, sexual assault, or stalking against the protected tenant without ejecting, removing, or terminating the rental agreement with the protected tenant.

(3) Nothing in this subsection shall be construed to require that a protected tenant submit documentation of the status of the protected tenant as a victim of domestic violence, sexual assault, or stalking in order to request to bifurcate a rental agreement under this section.

(b)(1) In the event the bifurcation and removal of an individual under subsection (a) of this section results in the protected tenant being unable to cover the rent of the dwelling unit, the landlord shall provide the protected tenant with a reasonable opportunity to locate additional tenants or to otherwise find new housing.

(2) A reasonable opportunity under this section shall be not less than 90 days.

* * * Ejectment * * *

Sec. 2. [Deleted.]

Sec. 3. 12 V.S.A. chapter 169 is amended to read:

CHAPTER 169. EJECTMENT

* * *

Subchapter 3. Superior Court Ejectment

* * *

§ 4853a. PAYMENT OF RENT INTO COURT; EXPEDITED HEARING

~~[Subsection (a) as amended by 2007, Act No. 125 (Adj. Sess.), § 1.]~~

~~(a) In any action against a tenant for possession, the landlord may file a motion for an order that the tenant pay rent into court. The motion may be filed and served with the complaint or at any time after the complaint has been~~

~~filed. The motion shall be accompanied by affidavit setting forth particular facts in support of the motion.~~

~~[Subsection (a) as amended by 2007, Act No. 176 (Adj. Sess.), § 51.]~~

(a) In any action against a tenant for possession brought in accordance with this chapter, 9 V.S.A. chapter 137, 10 V.S.A. chapter 153, or 11 V.S.A. chapter 14, the landlord may file a motion for an order that the tenant pay rent into court. The motion may be filed and served with the complaint or at any time after the complaint has been filed. The motion shall be accompanied by affidavit setting forth particular facts in support of the motion.

* * *

§ 4854a. PROPERTY OF TENANT REMAINING ON PREMISES AFTER EVICTION

(a) A landlord may dispose of any personal property remaining in a dwelling unit or leased premises without notice or liability to the tenant or owner of the personal property:

(1) ~~15 days after a writ of possession is served pursuant to this chapter or~~ immediately upon the landlord being legally restored to possession of the dwelling unit or leased premises pursuant to this chapter~~, whichever is later~~; or

(2) in the case of an eviction brought pursuant to 10 V.S.A. chapter 153, 40 days after a writ of possession issued for failure to pay rent into court pursuant to subsection 4853a(h) of this title is served or upon the landlord being legally restored to possession of the leased premises by a writ of possession issued for failure to pay rent into court pursuant to subsection 4853a(h) of this title, whichever is later.

(b) Notwithstanding subsection (a) of this section, if the court stays the execution of a writ of possession issued pursuant to this chapter, then a landlord may dispose of any personal property remaining in a dwelling unit or leased premises without notice or liability to the tenant or owner of the personal property ~~one day~~ immediately after the landlord is legally restored to possession of the dwelling unit or leased premises.

* * *

* * * Trespass * * *

Sec. 4. PURPOSE

The purpose of Sec. 5 of this act is to override the Vermont Supreme Court's decision in State v. Dixon, 169 Vt. 15 (1999), and allow the landlord of a dwelling unit to obtain a no trespass order prohibiting the tenant's invitees

or licensees from entering the dwelling unit's common areas if the invitee or licensee subject to the order has violated the terms of the lease agreement.

Sec. 5. 13 V.S.A. § 3705 is amended to read:

§ 3705. UNLAWFUL TRESPASS

(a)(1) A person shall be imprisoned for not more than three months or fined not more than $500.00, or both, if, without legal authority or the consent of the person in lawful possession, the person enters or remains on any land or in any place as to which notice against trespass is given by:

* * *

(g)(1) Notwithstanding subsection (a) of this section or any provision of law to the contrary, a landlord of a dwelling unit may cause to be served an order against trespass that prohibits a tenant's invitees or licensees from trespassing in the dwelling unit or any of the dwelling unit's common areas if:

(A) the tenant responsible for the invitee or licensee consents to the order;

(B) the invitee or licensee subject to the order has violated the terms of the dwelling unit's lease agreement;

(C) the invitee or licensee has violated a State or federal law while on the premises of the dwelling unit; or

(D) the invitee or licensee has previously been ejected from a dwelling unit on the premises under 12 V.S.A. chapter 169 due to a termination of a rental agreement under 9 V.S.A. § 4467(b).

(2) Consent required under subdivision (1)(A) of this subsection shall be provided on an individualized basis. It shall be against the public policy of this State for a tenant to provide blanket consent under subdivision (1)(A) for all invitees or licensees, and any provision of a rental agreement that provides blanket consent from a tenant shall be void and unenforceable.

(3) An order against trespass served under this subsection shall be enforceable for one year from the date of the order being served. The order may be renewed for subsequent one-year periods if the landlord causes to be served a new order.

(4) As used in this subsection:

(A) "Dwelling unit" means a building or the part of a building that is used as a home, residence, or sleeping place by one or more persons who maintain a household.

(B) "Premises" means a dwelling unit; its appurtenances and the building; and the grounds, areas, and facilities held out for the use of tenants generally or whose use is promised to the tenant.

(C) "Tenant" means a person entitled under a rental agreement to occupy a residential dwelling unit to the exclusion of others.

Sec. 6. [Deleted.]

* * * Positive Rental Payment Pilot Program * * *

Sec. 7. POSITIVE RENTAL PAYMENT CREDIT REPORTING PILOT

(a) Definitions. As used in this section:

(1) "Contractor" means the third-party vendor that the State Treasurer's Office contracts with to administer the pilot program described in this section.

(2) "Dwelling unit" has the same meaning as in 9 V.S.A. § 4451(3).

(3) "Participant property owner" means a landlord that has agreed in writing to participate in the pilot program and has satisfied the requirements described in subsection (c) of this section.

(4) "Participant tenant" means a tenant who has elected to participate in the pilot program and whose landlord is a participant property owner.

(5) "Rental payment information" means information concerning a participant tenant's timely payment of rent. "Rent payment information" does not include information concerning a participant tenant's payment or nonpayment of fees.

(b) Pilot program creation.

(1) The State Treasurer shall create and implement a two-year positive rental payment credit reporting pilot program to facilitate the reporting of rent payment information from participant tenants to consumer reporting agencies.

(2) On or before May 1, 2027, the State Treasurer shall contract with a third party to administer a positive rental payment credit reporting pilot program and facilitate the transmission of rent reporting information from a participant property owner to a consumer reporting agency. The third-party administrator shall be required to:

(A) enter into an agreement with one or more participant property owners in the State in accordance with the requirements of this section for participation in the pilot program;

(B) ensure that information to a credit reporting agency includes only rent payment information after the date on which the participant tenant elected to participate in the pilot program;

(C) develop and implement a process for removal of participant tenants for failure to comply with program requirements, including failure to make timely rental payments;

(D) establish a standard form for a participant tenant to use to elect to participate or cease participation in the pilot program, which shall include a statement that the tenant's participation is voluntary and that a participant may cease participating in the pilot program at any time and for any reason by providing notice to the participant's landlord and that the tenant may be removed from the program for failure to comply with program requirements, including failure to make timely rental payments; and

(E) offer an optional financial education course for participant tenants.

(c) Pilot program agreements. A participant property owner shall agree in writing:

(1) to participate in the pilot program for the duration of the pilot program;

(2) not to charge a participant tenant for participation in the pilot program;

(3) to comply with the requirements of the pilot program;

(4) to provide information as required by the State Treasurer concerning the implementation of the pilot program; and

(5) to assist in the recruitment of tenants to participate in the pilot program.

(d) Pilot program participants. On or before June 1, 2027, the contractor shall, in coordination with the State Treasurer, recruit not more than 10 participant property owners and, to the extent practicable, not fewer than 100 participant tenants to participate in the pilot program. The contractor shall seek to select participant tenants from populations that are underserved and underrepresented in home ownership. The contractor shall also seek to recruit participant landlords who offer:

(1) a variety of types of dwelling units for rent, including dwelling units of various sizes;

(2) dwelling units for rent that are located in geographically diverse areas of the State; and

(3) at least five dwelling units for rent.

(e) Termination. The State Treasurer may terminate the pilot program at any time in the Treasurer's sole discretion or terminate participation of a participant property owner for failure to comply with the requirements of the pilot program.

(f) Reports.

(1) On or before November 1, 2028, the State Treasurer shall submit an interim report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs regarding the findings of the pilot program. The report shall include:

(A) the number of participant tenants, including information regarding the demographic makeup of participant tenants, such as race, ethnicity, gender, income, and age, as voluntarily provided by the participant;

(B) the number of participant tenants who ceased participating in the pilot program voluntarily;

(C) the number of participant tenants who were removed from the pilot program and the reasons why;

(D) a breakdown of costs of administering the pilot program, including the monthly costs associated with rent reporting;

(E) a description of challenges faced by the participant property owners and participant tenants during the pilot program;

(F) an analysis of the outcomes of rent reporting on participant tenants' credit scores; and

(G) recommendations for legislative action, including proposed statutory language and an appropriation for associated costs.

(2) On or before November 1, 2029, the State Treasurer shall submit a final report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs regarding the findings of the pilot program. The report shall include an update to the information required in the interim report.

(g) Appropriation contingency. The duty to implement this section is contingent upon an appropriation of funds in fiscal year 2027 from the General Fund for the specific purposes described in this section.

* * * Residential Security Deposit Transition Period * * *

Sec. 8. SECURITY DEPOSIT; TRANSITION PERIOD

Notwithstanding 9 V.S.A. § 4461(a), a landlord may maintain a security deposit that exceeds an amount equal to two months' rent, provided that the residential rental agreement was in effect prior to July 1, 2026. Upon the termination of the rental agreement, the landlord shall return the security deposit in compliance with the requirements of 9 V.S.A. § 4461.

* * * Technical Training * * *

Sec. 9. LANDLORD AND TENANT EDUCATION AND TECHNICAL ASSISTANCE PROGRAM

(a) The Champlain Valley Office of Economic Opportunity (CVOEO) shall provide education and technical assistance to Vermont landlords and tenants regarding their rights, obligations, and remedies for statutory violations under Vermont rental statutes.

(b)(1) Training for tenants shall include training under the Preferred Renter Certification Program or its future equivalent.

(2) For landlords, CVOEO shall develop a curriculum to address any resource and information gaps to increase positive interactions with tenants and improve renter household stability.

(c) Assistance under this program shall include in-person, virtual, and on-demand options.

(d) The duty to implement this section is contingent upon an appropriation of funds in fiscal year 2027 from the General Fund for the specific purposes described in this section.

Sec. 10. [Deleted.]

* * * Statewide Housing Court Report * * *

Sec. 11. HOUSING COURT STUDY; REPORT

(a) On or before January 31, 2027, the Court administrator shall submit to the General Assembly a report on the feasibility of implementing a dedicated docket in Vermont for handling all matters governing residential rental agreements under 9 V.S.A. chapter 137 and ejectment actions under 12 V.S.A. chapter 169. The report shall include an examination of:

(1) the financial costs of implementing a dedicated housing docket in Vermont;

(2) the workforce impact of a dedicated housing docket, including:

(A) the number of judges and staff necessary to:

(i) resolve all ejectment actions statewide within 90 days following the filing of the complaint;

(ii) meet the timelines outlined in 12 V.S.A. chapter 169 for expedited hearings; and

(iii) resolve ejectment actions brought due to the termination of a residential rental agreement under 9 V.S.A. § 4467(b)(2) within 21 days from the date of filing of the complaint; and

(B) the impact on other court staff with the implementation of a dedicated housing docket;

(3) whether current State facilities have the capacity to support a dedicated housing docket statewide and whether new or expanded facilities would be required or whether current technical capacities within the Judiciary can handle the virtual statewide implementation of a centralized housing docket; and

(4) any other matter deemed relevant to the issue of implementing a statewide housing docket.

(b) The report shall include information on the legal issues to consider in requiring an expedited hearing for ejectment actions brought due to a termination of a residential rental agreement under 9 V.S.A. § 4467(b)(2), including:

(1) how the court could determine that a tenant is an ongoing threat to the health and safety of others if that were to be a condition upon which an expedited ejectment hearing would be allowed;

(2) whether there are procedural issues with beginning the 21-day timeline for an expedited ejectment hearing with the filing of the complaint versus the service of the answer;

(3) how the court would determine that damage to the dwelling unit is a threat to the health and safety of others; and

(4) whether there are procedural issues with shortening the timeframes for the termination of a residential rental agreement.

(c) In developing the report, the Court administrator shall work to balance the needs of interested parties in making its recommendations, including a balancing of the rights of tenants, the landlord's property interests, and the safety of other tenants and their neighbors.

* * * Effective Date * * *

Sec. 12. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of March 25, 2026, pages 3521-3561, and March 27, 2026, pages 3678-3688)

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

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

First: By striking out Sec. 1, 9 V.S.A. chapter 137, in its entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. [Deleted.]

Second: By striking out Sec. 1a, 9 V.S.A. § 4472a, in its entirety and inserting in lieu thereof a new Sec. 1a to read as follows:

Sec. 1a. [Deleted.]

Third: By striking out Sec. 3, 12 V.S.A. chapter 169, in its entirety and inserting in lieu thereof a new Sec. 3 to read as follows:

Sec. 3. [Deleted.]

Fourth: In Sec. 5, 13 V.S.A. § 3705, by striking out subdivision (g)(1)(B) in its entirety and inserting in lieu thereof a new subdivision (g)(1)(B) to read as follows:

(B) the invitee or licensee subject to the order has engaged in a pattern of violating the terms of the dwelling unit's lease agreement;

Fifth: In Sec. 5, 13 V.S.A. § 3705, in subdivision (g)(1)(D), by inserting "(2)" after "4467(b)"

Sixth: In Sec. 5, 13 V.S.A. § 3705, by inserting a new subdivision to be subdivision (g)(4)(B) to read as follows and by relettering the remaining subdivisions to be alphabetically correct:

(B) "Pattern of violating" means two or more acts over a period of time, however short, in which a person violates the terms of the lease agreement.

Seventh: By striking out Secs. 7, positive rental payment credit reporting pilot; 8, security deposit; transition period; and 9, landlord and tenant education and technical assistance program, in their entireties and inserting in lieu thereof new Secs. 7, 8, and 9 to read as follows:

Sec. 7. [Deleted.]

Sec. 8. [Deleted.]

Sec. 9. [Deleted.]

Eighth: By striking out Sec. 11, housing court study; report, in its entirety and inserting in lieu thereof a new Sec. 11 to read as follows:

Sec. 11. HOUSING COURT STUDY; REPORT

(a) On or before January 31, 2027, the Court Administrator shall submit to the General Assembly a report on the feasibility of implementing a dedicated docket in Vermont for handling all matters governing residential rental agreements under 9 V.S.A. chapter 137 and ejectment actions under 12 V.S.A. chapter 169. The report shall include an examination of:

(1) the financial costs of implementing a dedicated residential rental docket in Vermont;

(2) the workforce impact of a dedicated residential rental docket, including:

(A) the number of judges and staff necessary to:

(i) resolve all ejectment actions statewide within 90 days following the filing of the complaint;

(ii) meet the timelines outlined in 12 V.S.A. chapter 169 for expedited hearings; and

(iii) resolve ejectment actions brought due to the termination of a residential rental agreement under 9 V.S.A. § 4467(b)(2) within 21 days after the date of filing of the complaint; and

(B) the impact on other court staff with the implementation of a dedicated residential rental docket;

(3) whether current State facilities have the capacity to support a dedicated residential rental docket statewide and whether new or expanded facilities would be required or whether current technical capacities within the Judiciary can handle the virtual statewide implementation of a centralized residential rental docket;

(4) procedural impacts for the timeline suggested in subdivision (2) of this subsection, including information about the impacts of beginning the 21-day timeline for an expedited ejectment hearing with the filing of the complaint versus the service of the answer;

(5) whether to include other legal matters beyond residential rental agreements within the dedicated docket; and

(6) any other matter deemed relevant to the issue of implementing a statewide residential rental docket.

(b) In developing the report, the Court Administrator shall consult with interested parties, including landlords, tenants, Vermont Legal Aid, and others deemed necessary by the Court Administrator.

and that after passage the title of the bill be amended to read: "An act relating to residential rental agreements, ejectments, and unlawful trespass"

(Committee vote: 3-2-0)

Reported favorably by Senator Norris for the Committee on Appropriations.

The Committee recommends that the bill ought to pass in concurrence with proposals of amendment as recommended by the Committees on Judiciary and Economic Development, Housing and General Affairs.

(Committee vote: 7-0-0)

H. 935.

An act relating to emergency management.

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

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

* * * Ready Response Grant Program * * *

Sec. 1. 20 V.S.A. § 52 is added to read:

§ 52. READY RESPONSE GRANT PROGRAM

(a) As used in this section, "ready response" means the provision of short-term food and bottled water resources, including logistical support and transportation, to individuals in Vermont who do not have adequate access to food and water at agreed upon times when the Division of Emergency

Management seeks resource assistance from a grantee or responds to an all-hazards event or state of emergency.

(b) There is created the Ready Response Grant Program to be managed and administered by the Division of Emergency Management. The Division shall award an annual grant to an eligible food bank to source, store, and distribute shelf-stable, ready-to-eat foods and bottled water at times and in types and quantities per a written memorandum of agreement with the Division.

(c) The grant shall be in an amount sufficient to compensate the grantee for all costs incurred to procure and stage food and water in agreed upon quantities and locations, the costs of cycling the food and water at agreed-upon intervals, the value of distribution center storage capacity, the value of operational capacity to stage materials in anticipation of need, and the costs of distribution whenever the Division seeks resource assistance from the grantee or responds to an all-hazards event or state of emergency. As used in this subsection, the "value of operational capacity" includes leased storage space, delivery vehicles, drivers, warehouse selectors, and other operational costs.

(d) Food and water supplies subject to a grant and under the grantee's control shall be rotated and replenished according to established industry guidelines and best practices. Rotated food and water shall be redistributed in an equitable manner by the grantee through Vermont's charitable food system to Vermont nonprofit organizations qualifying under 26 U.S.C. § 501(c)(3) that provide food to individuals in Vermont.

(e) To the extent that the Division requests services from the grantee that are not covered by the Grant Program, a separate agreement shall be reached between the Division and the grantee.

* * * Technical Rescue Grant Program * * *

Sec. 2. 20 V.S.A. § 53 is added to read:

§ 53. TECHNICAL RESCUE GRANT PROGRAM

(a) Creation of Program. There is created the Technical Rescue Grant Program to assist Vermont fire departments, emergency medical services agencies, and technical rescue agencies with the improvement of operational readiness and investment in specialized equipment, personal protective gear, and training. The Program shall be administered by the Urban Search and Rescue (USAR) Team program manager.

(b) Duties of USAR Team program manager. The USAR Team program manager, in addition to other duties described elsewhere in law, shall review grant applications, award grants, and otherwise administer the Program.

(c) Eligibility. Fire departments, emergency medical services agencies, and technical rescue agencies operating within Vermont shall be eligible for Program grants. Grant applicants shall demonstrate their use, planned use, or need for technical rescue operations within their service area. All grant applicants shall submit their application on a form adopted by the USAR Team program manager. The USAR Team program manager shall prioritize grant awards for applicants that:

(1) maintain a memorandum of understanding with the Division of Emergency Management for swiftwater rescue; or

(2) function as regional technical rescue teams providing services in multiple jurisdictions.

(d) Grant award limitations. The maximum award to any applicant in a given fiscal year shall be not more than $5,000.00. The Program shall not award more than $25,000.00 in total grants in a given fiscal year.

(e) Application review and scoring. The USAR Team program manager shall adopt procedures governing application submission, forms, review, scoring, and recommendation of awards. The procedures for application scoring shall include alignment with the Program priorities in subsection (a) of this section, operational need, geographic service area, feasibility of the proposed project, cost-effectiveness, and sustainability of the applicant's services.

(f) Grant recipient reporting; report. Each grant recipient shall submit to the USAR Team program manager a final expenditure report, proof of purchase or training completion, and a narrative description of how the grant improved the recipient's technical rescue capacity. Annually on or before November 15, the USAR Team program manager shall submit a written report to the House Committee on Government Operations and Military Affairs and the Senate Committee on Government Operations summarizing grant awards, outcomes, and Program recommendations.

(g) Rulemaking. The USAR Team program manager may adopt rules pursuant to 3 V.S.A. chapter 25 as needed to implement this section.

Sec. 2a. 20 V.S.A. § 50 is amended to read:

§ 50. URBAN SEARCH AND RESCUE TEAM

* * *

(b) The USAR Team program manager shall perform all the following duties:

* * *

(5) negotiate and enter into agreements with municipalities, municipal agencies that maintain swiftwater rescue teams, State-recognized swiftwater rescue teams, or other technical rescue teams to provide expert assistance and services to the USAR Team when necessary; ~~and~~

(6) coordinate USAR Team participation in search and rescue operations under chapter 112 of this title; and

(7) administer the Technical Rescue Grant Program pursuant to section 53 of this title.

* * *

* * * Disability Inclusion in Emergency Planning * * *

Sec. 3. 20 V.S.A. § 2 is amended to read:

§ 2. DEFINITIONS

As used in this chapter:

* * *

(13) "Whole community" means the collective of residents; emergency management practitioners; organizational and community leaders; and local, State, and federal government officials.

Sec. 4. 20 V.S.A. § 6 is amended to read:

§ 6. LOCAL AND REGIONAL ORGANIZATION FOR EMERGENCY MANAGEMENT

* * *

(c)(1) Each local organization shall develop and maintain an all-hazards emergency management plan in accordance with the State Emergency Management Plan and guidance set forth by the Division of Emergency Management.

* * *

(3) The Division shall advise municipalities that when a shelter is sited under a local emergency plan, the municipality should work with the ~~Agency of Human Services, the American Red Cross, and community-based emergency or charitable food providers~~ whole community, to assess the facility and the facility's potential operations, including the characteristics of the surrounding area during an all-hazards event, multiple routes of travel and possible hazards that could prevent access to the shelter, and the need for immediate and sustained access to food and water for individuals using the shelter.

(4) The Division, in coordination with the ~~Agency of Human Services~~ whole community, shall advise municipalities, upon completion of a local emergency management plan, on how to conduct training and exercises pertaining to sheltering.

* * *

Sec. 5. 20 V.S.A. § 32 is amended to read:

§ 32. LOCAL EMERGENCY PLANNING COMMITTEES; CREATION; DUTIES

* * *

(b) All local emergency planning committees shall include representatives from the following: fire departments; local and regional emergency medical services; local, county, and State law enforcement; other entities providing first responders or emergency management personnel; organizations serving vulnerable populations; media; transportation; regional planning commissions; hospitals; industry; the Vermont National Guard; the Department of Health's district office; and an animal rescue organization, and may include any other interested public or private individual or organization. Where the local emergency planning committee represents more than one region of the State, the Commission shall appoint representatives that are geographically diverse.

(c) A local emergency planning committee shall perform all the following duties:

(1) Carry out all the requirements of a committee pursuant to EPCRA, including preparing a local emergency planning committee plan. The plan shall be coordinated with the State ~~emergency management plan~~ Emergency Management Plan and may be expanded to address all-hazards identified in the State ~~emergency management plan~~ Emergency Management Plan. A local emergency planning committee shall coordinate with disability-led organizations throughout all phases of emergency management planning. At a minimum, the local emergency planning committee plan shall include the following:

* * *

Sec. 6. [Deleted.]

* * * Town Forest Fire Wardens * * *

Sec. 7. 10 V.S.A. § 2603 is amended to read:

§ 2603. POWERS AND DUTIES: COMMISSIONER

* * *

(d) The Commissioner or designee shall be the State ~~fire warden~~ Forest Fire Warden and may act as, and in place of, the town forest fire warden of any municipality, unorganized town, or gore as provided under subchapter 4 of this chapter. The Commissioner or designee, as State Forest Fire Warden, shall have the authority to:

(1) exercise the authority and duties of a town forest fire warden as set forth in subchapter 4 of this chapter;

(2) appoint special forest fire wardens and delegate the authority of the State Forest Fire Warden to the special forest fire wardens;

(3) take command and control of a forest fire in any municipality or unorganized town or gore in the State when, in the State Forest Fire Warden's determination, it is necessary to do so, or when resources are needed in addition to local resources, and act as incident commander over all other fire officials;

(4) delegate the authority to act as incident commander of a forest fire to another person or entity;

(5) serve on the Northeastern Forest Fire Protection Commission or designate an appropriate Department representative to serve in the Commissioner's place, pursuant to section 2503 of this title, and exercise all related authority;

(6) enter into mutual aid compact agreements as set forth in section 2462 of this title; and

(7) issue a ban on kindling fires on lands owned by the Agency of Natural Resources when necessary.

* * *

Sec. 8. 10 V.S.A. chapter 83, subchapter 4 is amended to read:

Subchapter 4. Forest Fires and Fire Prevention

§ 2641. TOWN FOREST FIRE WARDENS~~; APPOINTMENT AND REMOVAL~~

(a) ~~Upon approval by the selectboard and acceptance by the appointee, the Commissioner shall appoint a town forest fire warden for a term of five years or until a successor is appointed. A town forest fire warden may be reappointed for successive five-year terms by the Commissioner or until a successor is approved by the selectboard and appointed by the Commissioner. The warden may be removed for cause at any time by the Commissioner with the approval of the selectboard. A warden shall comply with training~~

~~requirements established by the Commissioner.~~ The chief of the fire department, fire district, or private fire department with the jurisdictional responsibility to respond to a municipality, unorganized town, or gore is designated as the town forest fire warden and shall have the authority to exercise all the powers and duties of a town forest fire warden. For any municipality, unorganized town, or gore that is covered by two or more fire districts or has two or more fire departments, the municipality, unorganized town, or gore shall designate one fire chief as town forest fire warden and shall notify the Commissioner of the designation.

(b) ~~The Commissioner may appoint a forest fire warden for an unorganized town or gore, who shall serve for a term of five years or until a successor is appointed. An appointed forest fire warden for an unorganized town or gore may be reappointed for successive five-year terms by the Commissioner until the Commissioner appoints and the unorganized town or gore approves a successor. The warden may be removed for cause at any time by the Commissioner with the approval of the unorganized town or gore. The forest fire warden of an unorganized town or gore shall have the same powers and duties as town forest fire wardens and shall be subject to the requirements of this subchapter.~~ The chief of the fire department, fire district, or private fire department with the jurisdictional responsibility to respond to a municipality, unorganized town, or gore, as town forest fire warden, may designate deputy town forest fire wardens. The town forest fire warden shall provide a list of all designated deputy forest fire wardens to the Commissioner. Deputy forest fire wardens shall only have the authority to issue permits to kindle a fire as set forth in sections 2644 and 2645 of this subchapter.

(c) ~~When there are woodlands within the limits of a city, the chief of the fire department of such city shall act as the city forest fire warden with all the powers and duties of town forest fire wardens.~~ When a municipality, unorganized town, or gore does not have a fire department or is not covered by a fire district, the municipality, unorganized town, or gore may contract with a neighboring fire department or fire district to designate the chief of the fire department or fire district to serve as the town forest fire warden for the municipality, unorganized town, or gore. When a private fire department provides fire suppression and control services to a municipality, unorganized town, or gore, the chief of the private fire department may serve as the town forest fire warden when approved by the municipality, unorganized town, or gore.

(d) ~~When the Commissioner deems it difficult in any municipality for one warden to take charge of protecting the entire municipality from forest fires, he or she may appoint one or more deputy forest fire wardens. Such wardens~~

~~under the direction of the fire warden shall have the same powers, duties, and pay and make the same reports through the fire warden to the Commissioner as forest fire wardens.~~ [Repealed.]

(e) The Commissioner may ~~appoint~~ designate special forest fire wardens who shall hold office ~~during~~ at the pleasure of the Commissioner. ~~Such~~ The fire wardens shall be employees of the Department of Forests, Parks and Recreation with forest fire suppression and control training, and shall have the same powers and duties throughout the State as town forest fire wardens, except that all expenses and charges incurred on account of their official acts shall be paid from the appropriations for the Department.

§ 2642. SALARY AND COMPENSATION OF TOWN FOREST FIRE WARDENS

(a) The salary of a town forest fire warden and any deputy town forest fire warden shall be determined by the selectboard members for time spent in the performance of the duties of ~~his or her~~ the warden's office, which shall be paid by the town. ~~In addition thereto, he or she shall receive from the Commissioner $30.00 annually for fulfilling the requirements of section 2645 of this title and keeping the required State records. He or she shall also receive from the Commissioner $30.00 per diem for attendance at each training required by the Commissioner. He or she shall also receive annually an amount of $10.00 for each fire report that is submitted by the forest fire warden under section 2644 of this title.~~

* * *

§ 2643. TOWN'S LIABILITY FOR SUPPRESSION OF FOREST FIRES; STATE AID

(a) A municipality in which a forest fire occurs shall pay the cost to suppress a forest fire that occurs on land that is not owned by the Agency of Natural Resources, including the costs of personnel and equipment. The Commissioner may, ~~according to the Department fire suppression reimbursement policy~~ when funds have been appropriated or are otherwise available, reimburse a municipality for all or a portion of the costs of suppressing a forest fire on land that is not owned by the Agency of Natural Resources.

(b) For the purpose of suppressing forest fires on lands owned by the Agency of Natural Resources, the State ~~shall~~ may reimburse a ~~town~~ municipality or unorganized town or gore for some or all its forest fire suppression costs at a rate determined by the Commissioner ~~according to the Department fire suppression reimbursement policy. If the total acreage of a~~

~~forest fire is determined to be partially on land owned by the Agency of Natural Resources and partially on land owned by another party, the Commissioner shall, at a minimum, reimburse the town at a rate determined by the Commissioner according to the Department fire suppression reimbursement policy for costs incurred by the municipality on land owned by the Agency of Natural Resources~~ if, at a minimum, the requirements in subsection (c) of this section are satisfied. The Commissioner may establish additional requirements and guidance regarding reimbursement.

(c) For any forest fire on lands owned by the Agency of Natural Resources to be considered eligible for reimbursement from the State, ~~a town forest fire warden shall have reported the forest fire to the Commissioner within 14 days of extinguishment of the fire as required under section 2644 of this title. For reimbursement of fire suppression costs for forest fires on land owned by the Agency of Natural Resources, the town forest fire warden and the Commissioner or designee shall approve the costs before submission to the municipality for payment. The town forest fire warden may submit to the State on an annual basis a request for reimbursement of fire suppression costs on lands owned by the Agency of Natural Resources. The State shall reimburse a town for all applicable forest fire suppression costs when the reimbursement request is presented in a form approved by the Commissioner to the Commissioner by December 31 of each year.~~ a municipality, unorganized town, or gore shall, at a minimum, satisfy the following requirements:

(1) The town forest fire warden of a municipality, unorganized town, or gore shall request assistance within one hour of discovery after the forest fire from the Department of Forests, Parks and Recreation Wildland Fire Team, for the suppression of the forest fire on land owned by the Agency of Natural Resources.

(2) The town forest fire warden shall submit a report of the forest fire to the Commissioner within 24 hours after extinguishment of the fire as required under section 2644 of this title.

(3) The municipality, unorganized town, or gore shall submit detailed documentation of the costs of suppression of the forest fire to the Commissioner within 60 days after extinguishment of the forest fire.

(4) The Commissioner shall review and approve the request for reimbursement.

(d) For requests for reimbursement approved by the Commissioner for forest fire suppression costs of a municipality, unorganized town, or gore on land owned by the Agency of Natural Resources, payment of the costs shall be made by the Commissioner of Finance and Management to the municipality,

unorganized town, or gore. The funds for the payment are to be taken from the appropriation for forest fire suppression.

§ 2644. DUTIES AND POWERS OF FIRE WARDEN

(a) When a forest fire or fire threatening ~~a forest~~ forestland is discovered in ~~his or her town~~ the warden's jurisdiction of responsibility, the town forest fire warden shall enter upon any premises and take measures for its prompt control, suppression, and extinguishment. ~~The town forest fire warden may call upon any person for assistance. The town forest fire warden may choose to share or delegate command authority to a chief engineer of a responding fire department or, in the chief's absence, the highest ranking assistant firefighter present during the fire.~~ Within 24 hours after discovery of the forest fire on lands not owned by the Agency of Natural Resources, the town forest fire warden shall notify the Department of Forests, Parks and Recreation that the fire was discovered.

(b) A town forest fire warden shall ~~keep~~ prepare a report for all forest fires in the warden's jurisdiction that includes, at a minimum, the following information: a record of ~~his or her~~ the warden's acts, the number of forest fires and causes of the forest fires, the areas burned over, and the character and amount of damages done in the warden's jurisdiction. Within ~~two weeks~~ 48 hours after the extinguishment of a fire, the town forest fire warden shall file a report of the fire to the Commissioner~~, but the making of a report under this subsection shall not be a charge against the town~~.

* * *

(d) Within 12 hours after granting permission to kindle a fire pursuant to section 2645 of this subchapter, the town forest fire warden or deputy forest fire warden shall issue a written "Permit to Kindle" stating when and where the fire may be kindled, including any conditions deemed appropriate by the town forest fire warden.

§ 2645. OPEN BURNING; PERMITS

(a) Except as otherwise provided in this section, a person shall not kindle or authorize another person to kindle a fire in the open air for the purpose of burning natural wood, brush, weeds, or grass without first obtaining ~~permission~~ a permit to kindle a fire from the town forest fire warden or deputy forest fire warden stating when and where ~~such~~ the fire may be kindled and imposing any conditions deemed necessary by the town forest fire warden or deputy forest fire warden. Special forest fire wardens designated by the Commissioner shall issue permits for Category 3 fires on land owned by the Agency of Natural Resources. ~~Wood, brush, weeds, or grass shall not be~~

~~burned if they have been altered in any way by surface applications or injection of paints, stains, preservatives, oils, glues, or pesticides. Whenever such permission is granted, the fire warden, within 12 hours, shall issue a written "Permit to Kindle" for record purposes stating when and where such fire may be kindled.~~

(b) ~~With the written approval of the Secretary, during~~ During periods of increased fire hazard, or when the Department of Environmental Conservation has issued an Air Quality Alert due to forecasted ambient air quality, the Commissioner may:

(1) ~~notify~~ Notify town forest fire wardens that for a specified period no ~~burning~~ permits to kindle a fire shall be issued. The forest fire wardens shall issue no permits during the specified period.

(2) Notify town forest fire wardens that for a specified period of time permits for Category 2 or 3 fires shall be prohibited or restricted as set forth by the Commissioner.

(3) Notify town forest fire wardens that for a specified period of time, Category 1 fires shall be prohibited or restricted as set forth by the Commissioner.

(c) ~~The provisions of this section will not apply to~~ A permit to kindle a fire is not required for the following categories or conditions when the requirements set forth below are satisfied:

(1) the kindling of a fire in a location where there is snow surrounding the open burning site;

(2) ~~fires built in stone arches, outdoor fireplaces, or existing fire rings at State recreational areas or fires built in stone arches, outdoor fireplaces, or fire rings on private property that are not located within woodland, timberland, or a field containing dry grass or other flammable plant material contiguous to woodland;~~ Category 1 fires; or

(3) ~~the kindling of a fire in a location that is 200 feet or more from any woodland, timberland, or field containing dry grass or other flammable plant material contiguous to woodland; or~~

~~(4) areas within cities maintaining a fire department.~~ the kindling of a fire that complies with all requirements established by rule adopted by the Commissioner of Forests, Parks and Recreation when a person is primitive camping on lands owned by the Agency of Natural Resources.

(d)~~(1)~~ The Commissioner of Forests, Parks and Recreation may issue a ban on kindling fires on lands owned by the Agency of Natural Resources when necessary.

(e) As used in this section~~, "natural wood"~~:

(1) "Category 1" includes campfires that meet the following requirements:

(A) fires 36 inches in diameter or less that are built in stone arches, outdoor fireplaces, or existing fire rings at State recreational areas, other public recreational areas, or on private property; or

(B) fires 36 inches in diameter or less built in a location that is 200 feet or more from any forestland, or field containing dry grass or other flammable plant materials contiguous to forestland.

(2) "Category 2" includes natural wood fires that meet the following requirements:

(A) fires in piles larger than 36 inches in diameter; or

(B) fires 36 inches in diameter or less, not built in stone arches, outdoor fireplaces, or existing fires rings at State recreational areas, other public recreational areas, or on private property.

(3) "Category 3 broadcast burn" includes fires that meet the following requirements:

(A) Fires applied to existing vegetation in a predetermined land area, in a manner to meet specific or prescribed objectives, including fuels management, slash abatement, firefighter training, agricultural field burning, forest management, wildlife habitat management, or introduced species management.

(B) All Category 3 fires must have a plan that includes location, objectives, and contingency for escaped fire.

(4) "Forestland" means woodlands, timberland, brushland, forest, and woodlots.

(5) "Natural wood" means:

* * *

~~(2)~~(6) "Natural wood" does not mean other wood products such as sawdust, plywood, particle board, or press board. "Natural wood" does not mean wood, brush, weeds, or grass if they have been altered in any way by

surface applications or injections of paints, stains, preservatives, oils, glues, or pesticides.

* * *

§ 2646. PROCLAMATION BY GOVERNOR PROHIBITING KINDLING OF FIRES: CLOSING OF ~~WOODLANDS~~ FORESTLANDS

(a) Whenever it appears to the Governor that there is excessive danger of forest fires, ~~he or she~~ the Governor may prohibit by proclamation the kindling of a fire in or adjoining forestland or close any or all sections of ~~woodland~~ forestland, or brushland, in any town for such time as the Governor may designate, to all persons ~~except the owner and his or her household, his or her tenants, servants, or agents and persons in the public employment engaged in abating such fire-hazardous condition~~.

(b) Proclamations shall be ~~published in such newspapers of the State and~~ posted in such places and in such manner as the Governor may order in writing. A copy of ~~such publication~~ the proclamation and order, attested by the Secretary of Civil and Military Affairs, shall be filed with the Secretary of State and a like copy shall be furnished to the Commissioner who shall attend to the ~~publication and~~ posting ~~thereof~~ of the proclamation. The expenses of ~~such publication and~~ posting shall be paid by the Department. Notice of removal of restrictions imposed by proclamation shall be in the same manner.

§ 2647. FIRES IN ~~WOODS~~ FORESTLAND OF ANOTHER; PERMISSION

No one shall build a fire in the ~~woodlands~~ forestland of another without the permission of the owner~~, lessee, holder of right-of-way, or his or her authorized agent between April 1 and November 1. A person who builds a fire in or adjoining any woods shall totally extinguish such fire before leaving it~~.

§ 2648. SLASH REMOVAL

(a) A person may cut or cause to be cut forest growth only if all slash adjoining the right-of-way of any public highway, or the boundary lines of ~~woodlots~~ forestland owned by adjoining property owners, is treated as follows:

(1) All slash shall be removed for a distance of 50 feet from the right-of-way of any public highway or from the boundary lines of ~~woodlots~~ forestland owned by adjoining property owners.

* * *

(d) As used in this section, "slash" means the branches, tree tops, and other woody debris left on the forest floor after logging.

Sec. 9. REPEAL

10 V.S.A. chapter 83, subchapter 7 (uniform fire prevention ticket) is repealed.

Sec. 10. 20 V.S.A. § 2673 is amended to read:

§ 2673. POWERS AND DUTIES DURING HAZARDOUS CHEMICAL OR SUBSTANCE INCIDENT, FIRES; THREAT OF FIRES OR EXPLOSIONS; FOREST FIRES

* * *

(e) The chief of a fire district is designated as the town forest fire warden under 10 V.S.A chapter 83, subchapter 4 and shall have the authority and duties related to forest fires pursuant to that subchapter.

Sec. 11. 20 V.S.A. § 2992 is amended to read:

§ 2992. DEFINITION

The term "private fire department" includes fire protection organizations operated by industries, institutions, and establishments for self-protection and also nonprofit volunteer fire associations. Nothing contained in this subchapter shall be construed to interfere with the exclusive jurisdiction vested by law in the State Forester ~~and the State Forester's subordinates~~ or the State Forest Fire Warden over forest fires as provided in 10 V.S.A. § 2603(d); 10 V.S.A. chapter 83, ~~subchapters~~ subchapter 4 ~~and 7~~; or 10 V.S.A. chapter 81, nor to affect the laws governing prevention or extinguishment of forest fires. Nothing contained in this subchapter shall be construed to interfere with general authorization vested by law in a chief engineer of a fire district or chief of a volunteer fire department to give outside aid as provided in sections 2674 and 2961 of this title.

* * * Increasing Wildland Fire Response Capacity Task Force * * *

Sec. 11a. INCREASING WILDLAND FIRE RESPONSE CAPACITY TASK FORCE; REPORT

(a) Creation. There is created the Increasing Wildland Fire Response Capacity Task Force to examine and report on increasing Vermont's capacity for wildland fire response.

(b) Membership. The following individuals and entities shall be invited by Department of Forests, Parks and Recreation to join the Task Force:

(1) the Department of Forests, Parks and Recreation;

(2) Vermont Emergency Management;

(3) the Department of Public Safety, Division of Fire Safety;

(4) the Green Mountain National Forest;

(5) the Vermont League of Cities and Towns; and

(6) two municipal fire chiefs, with one being a career fire fighter and the other being a volunteer fire fighter.

(c) Powers and duties. The Task Force shall examine how to best increase Vermont's capacity for wildland fire response, including:

(1) examining available information on wildland fire incidence and existing response capacity, and making recommendations regarding staffing, funding, equipment, supplies, and infrastructure, including vehicles, necessary to increase wildland fire response capacity; and

(2) identifying any potential policy or statutory changes needed to improve wildland fire response capacity; clarify statewide roles and responsibilities among State, municipal, and federal entities; and recommend any coordination and communication improvements.

(d) Assistance. The Task Force shall have the administrative, technical, and legal assistance of Department of Forests, Parks and Recreation.

(e) Report. On or before February 15, 2027, and again on or before July 2027, the Task Force shall submit a written report to House Committees on Agriculture, Food Resiliency, and Forestry and on Government Operations and Military Affairs and to the Senate Committees on Natural Resources and Energy and on Government Operations with its findings to date and any recommendations for legislative action.

(f) Meetings.

(1) The Commissioner of the Department of Forests, Parks and Recreation, or designee, shall call the first meeting of the Task Force.

(2) The Commissioner of the Department of Forests, Parks and Recreation, or designee, shall be the chair of the Task Force.

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

(4) The Task Force shall cease to exist on November 16, 2027.

(g) Compensation and reimbursement. Members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010. These payments shall be made from monies appropriated to the Department of Forests, Parks and Recreation.

* * * Public Safety Communications * * *

Sec. 12. DEPARTMENT OF PUBLIC SAFETY; PUBLIC SAFETY COMMUNICATIONS TASK FORCE; AUTHORIZATION FOR ONGOING EXPENDITURE OF FUNDS

(a) The General Assembly authorizes the use of monies appropriated or held in reserve pursuant 2022 Acts and Resolves No. 185, Sec. B.1100, as amended by 2023 Acts and Resolves No. 78, Sec. C.115 and 2023 Acts and Resolves No. 87, Sec. 49, for the Department of Public Safety to procure and implement a multidisciplinary computer-aided dispatch system for public safety communications, subject to the following:

(1) $2,250,000.00 shall be available for immediate costs associated with establishing the multidisciplinary computer-aided dispatch system and five years of software licensing fees, provided that the Department issues requests for proposal and signs contracts for services on or before January 1, 2027;

(2) $190,000.00 shall be immediately available for cybersecurity, expanded use of Rapid SOS, and geographic information systems; and

(3) $4,500,000.00 shall be available incrementally over three years to:

(A) implement and expand the Land Mobile Radio network to include a Statewide conceptual design;

(B) detail designs for one or more proof of concept projects and initially implement pilot projects; and

(C) build out or improve 10 or more Land Mobile Radio sites, including equipment and antenna deployment at existing chosen sites.

(b) Notwithstanding any provisions of 2023 Acts and Resolves No. 78, Sec. C.114 to the contrary, the Public Safety Communications Task Force shall continue in existence until February 15, 2027. The Task Force shall meet as necessary to advise the Department of Public Safety on executing the Task Force recommendations and final design plan. Notwithstanding 2023 Acts and Resolves No. 78, Sec. C.114(d)(3), members of the Task Force shall be entitled to per diem compensation and reimbursement of expenses permitted under 32 V.S.A. § 1010. These payments shall be made from monies appropriated to the Department of Public Safety.

(c) The Department of Public Safety shall submit written reports to the House Committees on Appropriations and on Government Operations and Military Affairs and the Senate Committees on Appropriations and Government Operations concerning the expenditure of monies pursuant to this section. The Department shall submit the written reports on or before May 1,

2027, January 15, 2028, and January 15, 2029, concerning the expenditures made during each respective reporting period.

(d) After the end of the three-year period described in subdivision (a)(3) of this section, the Department of Public Safety may submit a request to the General Assembly to authorize the use of any remaining monies from the appropriations appropriated or held in reserve pursuant 2022 Acts and Resolves No. 185, Sec. B.1100, as amended by 2023 Acts and Resolves No. 78, Sec. C.115 and 2023 Acts and Resolves No. 87, Sec. 49. Any remaining monies shall not be used by the Department unless authorized by the General Assembly.

Sec. 13. [Deleted.]

* * * Programs Contingent on Availability of Agency Funds * * *

Sec. 13a. PROGRAMS CONTINGENT ON AVAILABILITY OF AGENCY FUNDS

The duty to implement Secs. 1 (Ready Response Grant Program) and 2 (Technical Rescue Grant Program) of this act is contingent upon the availability of sufficient funds within the Department of Public Safety and the Agency of Administration to support the programs.

* * * Appropriation * * *

Sec. 13b. APPROPRIATION

The sum of $500,000.00 is appropriated from the General Fund to the Department of Public Safety in fiscal year 2027 for the Ready Response Grant Program administered by the Division of Emergency Management.

* * * Emergency Rule * * *

Sec. 13c. 3 V.S.A. § 844 is amended to read:

§ 844. EMERGENCY RULES

(a) Where an agency believes that there exists an imminent peril to public health, safety, or welfare, it may adopt an emergency rule. The rule may be adopted without having been prefiled or filed in proposed or final proposed form, and may be adopted after whatever notice and hearing the agency finds to be practicable under the circumstances. The agency shall make reasonable efforts to ensure that emergency rules are known to persons who may be affected by them.

* * *

(g) In the alternative to the grounds specified in subsection (a) of this section, an agency may adopt emergency amendments to existing rules using the process set forth in this section if each of the subdivisions (1)–(5) of this subsection applies. On a majority vote of the entire Committee, the Legislative Committee on Administrative Rules may object to the emergency amendments on the basis that one or more of these subdivisions do not apply or under subdivision (e)(1)(A), (B), or (C) of this section, or both.

(1) The existing rules implement a program controlled by federal statute or rule or by a multistate entity.

(2) The controlling federal statute or rule has been amended to require a change in the program, or the multistate entity has made a change in the program that is to be implemented in all of the participating states.

(3) The controlling federal statute or rule or the multistate entity requires implementation of the change within 120 days or less.

(4) The adopting authority finds each of the following in writing:

(A) The agency cannot by the date required for implementation complete the final adoption of amended rules using the process set forth in sections ~~837 through 843~~ 837–843 of this title.

(B) Failure to amend the rules by the date required for implementation would cause significant harm to the public health, safety, or welfare or significant financial loss to the State.

(5) On the date the emergency rule amendments are adopted pursuant to this subsection, the adopting authority prefiles a corresponding permanent rule pursuant to section 837 of this title.

(h) In addition to the grounds for emergency rulemaking under subsections (a) and (g) of this section, an agency may adopt an emergency rule under this section if an amendment to a federal statute, rule, or policy will materially conflict with or threaten the ability of the agency to implement a statutory or regulatory program required under Vermont law. On a majority vote of the entire Committee, the Legislative Committee on Administrative Rules may object to proposed emergency rules for adoption under this subsection on the basis that the provisions of this subsection do not apply.

Sec. 13d. SUNSET OF AGENCY EMERGENCY RULEMAKING AUTHORITY

3 V.S.A. § 844(h) (emergency rulemaking in response to federal action) is repealed on July 1, 2028.

* * * Effective Dates * * *

Sec. 14. EFFECTIVE DATES

(a) This section and sections 13c and 13d shall take effect upon 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 27, 2026, pages 3670-3673)

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 Government Operations, with further proposals of amendment as follows:

First: In Sec. 12, Department of Public Safety; Public Safety Communications Task Force; authorization for ongoing expenditure of funds, by striking out subsection (d) in its entirety.

Second: By striking out Sec. 13b, appropriation, in its entirety and inserting in lieu thereof a new Sec. 13b to read as follows:

Sec. 13b. [Deleted.]

(Committee vote: 7-0-0)

H. 942.

An act relating to miscellaneous agricultural subjects.

Reported favorably with recommendation of proposal of amendment by Senator Heffernan for the Committee on Agriculture.

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

First: In Sec. 3, 6 V.S.A. chapter 37, in section 681, after subdivision (3), by adding a new subdivision (4) to read as follows and by renumbering the remaining subdivisions to be numerically correct:

(4) "Convenience store" means a type of retail establishment that sells a limited number of everyday items such as motor fuel, tobacco products, made-to-order food, snacks, and beverages that serve as a quick, accessible retail option for consumers who typically purchase a small number of products, and that does not offer a sufficient quantity of consumer commodities to make unit pricing as useful to consumers. "Convenience store" does not include a

grocery store, drug store, dollar store, or any other type of store. The Secretary has the discretion to determine whether a retail establishment is a convenience store.

Second: In Sec. 3, 6 V.S.A. chapter 37, in section 686, by striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read as follows:

(a) The unit price requirements of this chapter shall not apply to ~~sales of~~ consumer ~~commodities~~ commodity sales as follows:

(1) At a retail store with less than 7,000 square feet of floor space dedicated to the sale of consumer commodities. This ~~exception~~ exemption shall not apply to ~~the sales agencies or instrumentalities~~ retail establishments of a company having two or more sales ~~agencies or instrumentalities~~ locations as parts of that company.

(2) ~~For use or consumption on the premises where sold~~ Convenience stores.

(3) When different brands or products are commingled in one receptacle for a limited-time one-priced sale.

(4) When commodities are individually marked with a clearance or sale tag and are located in a clearance or limited-time sale section of the store. Clearance or limited-time sale sections may be on a shelf or multiple shelves, or in another defined area of the store.

(5) When the unit price is identical to the total selling price.

(6) When the item falls into one of the following categories:

(A) seasonal decorations; or

(B) beverages subject to the Federal Alcoholic Administration Act packing and labeling requirements.

Third: By striking out Sec. 4, effective date, and its reader assistance heading in their entireties and inserting in lieu thereof a new Sec. 4 and reader assistance heading to read as follows:

* * * Equine Farming for Use Value Appraisal * * *

Sec. 4. 32 V.S.A. § 3752 is amended to read:

§ 3752. DEFINITIONS

As used in this subchapter:

(1) "Agricultural land" means any land, exclusive of any housesite, in active use to grow hay or cultivated crops, pasture livestock, cultivate trees

bearing edible fruit, or produce an annual maple product, and that is 25 acres or more in size, except as provided in this subdivision ~~(1)~~. Agricultural land ~~shall include~~ includes buffer zones as defined and required in the Agency of Agriculture, Food and Markets' Required Agricultural Practices rule adopted under 6 V.S.A. chapter 215. There shall be a presumption that the land is used for agricultural purposes if:

(A) it is owned by a farmer and is part of the overall farm unit;

(B) it is used by a farmer as part of the farmer's operation under written lease for at least three years; or

(C) it has produced an annual gross income from the sale of farm crops or from equine farming in one of two, or three of the five, calendar years preceding of at least:

(i) $2,000.00 for parcels of up to 25 acres; and

(ii) $75.00 per acre for each acre over 25, with the total income required not to exceed $5,000.00.

(iii) Exceptions to these income requirements may be made in cases of orchard lands planted to fruit-producing trees, bushes, or vines that are not yet of bearing age. As used in this section, the term "farm crops" also includes animal fiber, cider, wine, and cheese, produced on the enrolled land or on a housesite adjoining the enrolled land, from agricultural products grown on the enrolled land.

* * *

(7) "Farmer" means a person:

(A) who earns at least one-half of the farmer's annual gross income from the business of farming as that term is defined in Regulation 1.175-3 issued under the Internal Revenue Code of 1986 or from the business of equine farming; or

(B)(i) who produces farm crops that are processed in a farm facility situated on land enrolled by the farmer in a use value appraisal program or on a housesite adjoining the enrolled land;

(ii) whose gross income from the sale of the processed farm products pursuant to subdivision (i) of this subdivision (B), when added to other gross income from the business of farming as used in subdivision (A) of this subdivision (7), equals at least one-half of the farmer's annual gross income; and

(iii) who produces on the farm a minimum of 75 percent of the farm crops processed in the farm facility.

(C) The Agency of Agriculture, Food and Markets shall assist the Director in making determinations of eligibility pursuant to subdivision (B) of this subdivision (7).

* * *

(18) "Equine farming" means the raising, feeding, or management of four or more equines owned or boarded by the farmer, including training, showing, and providing instruction and lessons in riding, training, and the management of equines.

Fourth: By adding a reader assistance heading and one new section to be Sec. 5 to read as follows:

* * * Community Development Initiatives * * *

Sec. 5. 10 V.S.A. § 325m is amended to read:

§ 325m. RURAL ECONOMIC DEVELOPMENT INITIATIVE

(a) Definitions. As used in this subchapter:

(1) "Rural area" means a county of the State designated as "rural" or "mostly rural" by the U.S. Census Bureau in its most recent decennial census.

(2) "Small town" means a town in the State with a population of less than 5,000 at the date of the most recent U.S. Census Bureau decennial census.

(3) "Community development initiatives" means priority projects located throughout the State that support agriculture, historic preservation, outdoor recreation, and other critical economic development needs, which may be supported when State resources or staffing assistance is not available.

(b) Establishment. There is created the Rural Economic Development Initiative to be administered by the Vermont Housing and Conservation Board for the purpose of promoting and facilitating community economic development in the small towns and rural areas of the State, and supporting community development initiatives. The Rural Economic Development Initiative shall collaborate with municipalities, businesses, regional development corporations, regional planning commissions, and other appropriate entities to access funding and other assistance available to small towns and businesses primarily in rural areas of the State when existing State resources or staffing assistance is not available.

(c) Services; access to funding. The Rural Economic Development Initiative shall provide the following services to small towns and businesses primarily in rural areas:

(1) identification of grant or other funding opportunities that facilitate business development, infrastructure development, or other economic development opportunities; or

(2) technical assistance in writing grants, accessing other funding, coordination with providers of grants or other funding, strategic planning for the implementation or timing of activities funded by grants or other funding, and compliance with the requirements of grant awards or awards of other funding.

(d) Priority. In providing services under this section, the Rural Economic Development Initiative shall give first priority to projects that have received necessary State or municipal approval and that are ready for construction or implementation.

(e) Priority projects. The Rural Economic Development Initiative shall ~~seek to assist~~ include the following priority types of projects:

(1) milk plants, milk handlers, or dairy products, as those terms are defined in 6 V.S.A. § 2672;

(2) outdoor recreation and equipment enterprises;

(3) value-added food and forest products enterprises;

(4) farm operations, including phosphorus removal technology for farm operations;

(5) coworking or business generator and accelerator spaces;

(6) commercial composting facilities; and

(7) restoration and rehabilitation of historic buildings in community centers.

(f) Coordination. In providing services under this section, the Rural Economic Development Initiative shall coordinate with the Secretary of Commerce and Community Development, regional development corporations, and regional planning commissions.

(g) Report. Beginning on January 31, 2019, and annually thereafter, the Rural Economic Development Initiative shall submit to the Senate Committees on Agriculture and on Economic Development, Housing and General Affairs and the House Committees on Agriculture, Food Resiliency, and Forestry and on Commerce and Economic Development a report regarding the activities and

progress of the Initiative as part of the report of the Vermont Farm and Forest Viability Program. The report shall summarize the Initiative's activities in the preceding year; evaluate the effectiveness of the services provided by the Initiative; provide an accounting of the grants or other funding that the Initiative facilitated or helped secure; and recommend any changes to the program to further economic development in small towns and rural areas of the State.

Fifth: By adding a reader assistance heading and one new section to be Sec. 6 to read as follows:

* * * Retail Sales Tax * * *

Sec. 6. 32 V.S.A. § 9741 is amended to read:

§ 9741. SALES NOT COVERED

Retail sales and use of the following shall be exempt from the tax on retail sales imposed under section 9771 of this title and the use tax imposed under section 9773 of this title:

* * *

(12) Motor vehicle purchases and use taxed under chapter 219 of this title and the transactions exempted therefrom that are listed in section 8911 of this title. Provided, however, that notwithstanding subdivision 8911(5) of this title, construction, earthmoving, logging, and motorized equipment that has not been registered as a motor vehicle is subject to tax under this chapter, and further provided that power take off and other auxiliary equipment on motor vehicles, whether attached prior to or subsequent to registration, is not exempt under this section, except for equipment under subdivision (51) of this section. Motor vehicle parts purchased by a dealer registered under the provisions of 23 V.S.A. §§ 451–468 shall be exempt from the tax under this chapter when used to recondition a used motor vehicle owned by the dealer in its inventory for resale.

* * *

(51) The following machinery, including repair parts, used for timber cutting, timber removal, and processing of timber or other solid wood forest products intended to be sold ultimately at retail: skidders with grapple and cable; feller bunchers; cut-to-length processors; forwarders; delimbers; loader slashers; log loaders; whole-tree chippers; stationary screening systems; firewood processors, elevators, and screens, semi-trailers, tractors, truck cranes, truck tractors, trailers, and motor trucks and motor vehicles with a manufacturer's listed gross vehicle weight of 10,000 pounds or more; and when sold for use on any machinery listed under this subdivision, traction

enhancement accessories, tire chains, track systems, and winch cables. The Department of Taxes shall publish guidance relating to the application of this exemption. The Department of Taxes may require a purchaser at the time of purchase to certify that a motor vehicle or other equipment is exempt under this section. As used in this subdivision, "motor vehicle" has the same meaning as in 23 V.S.A. § 4(21) and "motor truck" has the same meaning as in 23 V.S.A. § 4(20).

* * *

Sixth: By adding a reader assistance heading and one new section to be Sec. 7 to read as follows:

* * * Farm and Forestry Operations Security Special Fund * * *

Sec. 7. 6 V.S.A. § 4643(e) is amended to read:

(e) All administratively complete applications shall be evaluated by the Review Board. Within 15 days following receipt of an administratively complete application, the Review Board by majority vote shall recommend to the Secretary whether to issue a payment to the applicant. ~~If the Review Board recommends an award under this section, the~~ The Secretary shall ~~issue the award~~ make a final award determination within 15 days following the date of the Review Board's recommendation.

Seventh: By adding a reader assistance heading and one new section to be Sec. 8 to read as follows:

* * * Effective Dates * * *

Sec. 8. EFFECTIVE DATES

(a) Sec. 4 shall take effect on July 1, 2027.

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

(Committee vote: 5-0-0)

(No House amendments)

Reported favorably with recommendation of proposals of amendment by Senator Brock 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 Agriculture, with further proposals of amendment as follows:

First: In the third instance of amendment, by striking out Sec. 4, 32 V.S.A. § 3752 (definitions), in its entirety and inserting in lieu thereof a new Sec. 4 to read as follows:

Sec. 4. EQUINE FARMING AND USE VALUE APPRAISAL STUDY; REPORT

(a) The Commissioner of Taxes shall study and provide recommendations for including equine farming in the Use Value Appraisal Program. The Commissioner shall submit the recommendations to the House Committees on Agriculture, Food Resiliency, and Forestry and on Ways and Means and the Senate Committees on Agriculture and on Finance on or before December 15, 2026. The Commissioner's recommendations shall include an analysis of the potential fiscal impact of permitting agricultural land and farm buildings that are used for equine farming to enroll in the Use Value Appraisal Program.

(b) As used in this section:

(1) "Agricultural land" has the same meaning as in 32 V.S.A. § 3752(1).

(2) "Equine farming" means the raising, feeding, or management of four or more equines owned or boarded by a farmer for gain or profit, including training, showing, and providing instruction and lessons in riding, training, and the management of equines.

(3) "Farm buildings" has the same meaning as in 32 V.S.A. § 3752(14).

(4) "Farmer" has the same meaning as in 32 V.S.A. § 3752(7).

Second: In the fifth instance of amendment, by striking out Sec. 6, 32 V.S.A. § 9741, in its entirety and by renumbering the remaining sections to be numerically correct

Third: In the seventh instance of amendment, by striking out the newly renumbered Sec. 7, effective dates, and its reader assistance heading in their entireties and inserting in lieu thereof a reader assistance heading and a new Sec. 7 to read as follows:

* * * Effective Date * * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: 6-0-1)

House Proposal of Amendment

S. 208.

An act relating to standards for law enforcement identification.

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. 20 V.S.A. § 2373 is added to read:

§ 2373. STATEWIDE MODEL POLICY; LAW ENFORCEMENT IDENTIFICATION STANDARDS

(a) As used in this section:

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

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

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

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

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

Sec. 2. EFFECTIVE DATE

This act shall take effect on passage.

S. 212.

An act relating to potable water supply and wastewater system connections.

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

§ 1971. PURPOSE

It is the purpose of this chapter to:

(1) establish a comprehensive program to regulate the construction, replacement, modification, and operation of potable water supplies and

wastewater systems in the State in order to protect human health and the environment, including potable water supplies, surface water, and groundwater;

* * *

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

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

§ 1972. DEFINITIONS

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

* * *

(6) "Potable water supply" means the source, treatment, and conveyance equipment used to provide water used or intended to be used for human consumption, including drinking, washing, bathing, the preparation of food, or laundering. This definition includes a service connection to a public water system of any size. This definition does not include any internal piping or plumbing, except for mechanical systems, such as pump stations and storage tanks or lavatories, that are located inside a building or structure and that are integral to the operation of a potable water system. This definition also does not include a potable water supply that is subject to regulation under chapter 56 of this title.

* * *

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

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

§ 1973. PERMITS

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

* * *

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

* * *

(f)~~(1)~~ The Secretary shall give deference to a certification by a licensed designer with respect to the engineering design or judgment exercised by the designer in order to minimize Agency review of certified designs. Nothing in this section shall limit the responsibility of the licensed designer to comply with all standards and rules, or the authority of the Secretary to review and comment on design aspects of an application or to enforce Agency rules with respect to the design or the design certification.

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

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

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

* * *

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

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

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

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

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

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

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

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

§ 1976. DELEGATION OF CONNECTION PERMITTING AUTHORITY TO MUNICIPALITIES

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

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

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

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

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

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

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

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

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

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

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

~~(F) will comply with all other requirements of the rules adopted under section 1978 of this title~~ The Secretary may delegate to a municipality authority to conduct technical review of proposed projects that include both municipal potable water supply and municipal wastewater system connections that require a permit under this chapter, provided that the water main and sanitary sewer collection line that the water service line and sanitary sewer service line are connected to are owned and controlled by the delegated municipality. A municipality that is delegated authority under this section shall incorporate the requirements of the Secretary's general permit for potable water supply and wastewater system connections into a municipal connection approval, including deference to applications for connections certified by a licensed designer.

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

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

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

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

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

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

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

* * *

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

Sec. 4a. TECHNICAL ADVISORY COMMITTEE REPORT ON OVERSHADOWING OF PROPERTY BY POTABLE WATER SUPPLIES AND WASTEWATER SYSTEMS

(a) On or before January 15, 2027, the Secretary of Natural Resources' Technical Advisory Committee (TAC) shall report to the House Committees on Environment and on Judiciary and the Senate Committees on Natural Resources and Energy and on Judiciary regarding authority under State statute and rules that allows the isolation distances for potable water supplies and wastewater systems to extend onto neighboring property, a practice commonly referred to as overshadowing. In preparing the report, the TAC shall:

(1) summarize the scientific and technical basis and benefit to the environment and public health from overshadowing;

(2) evaluate alternatives to overshadowing that could prevent or significantly limit overshadowing of property and recommend preferred alternatives;

(3) present data on the frequency of overshadowing and on the different alternatives or types of outcomes that occur when overshadowing exists;

(4) recommend additional steps the Agency of Natural Resources can take to support the resolution of issues that may occur between neighbors when overshadowing occurs; and

(5) any additional information that the TAC deems relevant to address the issue of overshadowing from potable water supplies and wastewater systems.

(b) Any recommendation by the TAC under subsection (a) of this section for legislative action or rulemaking may be presented as draft legislation or draft amendment to rules. The TAC may submit the report required under subsection (a) of this section as part of the Committee's annual report to the General Assembly.

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

§ 2822. BUDGET AND REPORT; POWERS

* * *

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

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

* * *

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

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

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

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

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

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

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

(B) Minor amendments: $150.00.

(C) Minor projects: $270.00.

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

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

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

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

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

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

* * *

Sec. 6. IMPLEMENTATION; REPEAL OF EXEMPTIONS IN RULE

(a) On or before December 1, 2027, the Secretary of Natural Resources

shall publish the general permit and manual required under 10 V.S.A. § 1973(k)(1) for potable water supply or wastewater system connections.

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

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

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

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

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

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

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

§ 1263. DISCHARGE PERMITS

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

* * *

(k)(1) The Secretary may enter into an agreement with the owner of a POTW to delegate to the owner of the POTW authority under this title to regulate pretreatment discharges to the POTW. An agreement entered into by the Secretary under this subsection shall authorize the owner of the POTW to

regulate and enforce pretreatment discharges to the POTW consistent with the authority set forth in 40 C.F.R. Part 40, including the establishment of applicable civil, criminal, or administrative penalties for the violation of pretreatment standards or requirements. The owner of a POTW that the Secretary enters into an agreement with under this subsection may, as part of the agreement, set application fees and other fees necessary for the regulation of a pretreatment discharge to the POTW. The Environmental Division shall have the same jurisdiction to review the actions of the owner of the POTW delegated pretreatment authority by an agreement under this subsection and to hear appeals as the Environmental Division's jurisdiction over the Secretary's actions. The jurisdiction of the Environmental Division shall be construed broadly with respect to review of the actions of an owner of a POTW delegated pretreatment authority under this subsection.

(2) As used in this subsection:

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

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

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

Sec. 8. CONTINGENT EFFECTIVE DATE

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

Sec. 9. EFFECTIVE DATES

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

S. 202

House Proposal of Amendment to Senate Proposal of Amendment to House Proposal of Amendment

An act relating to portable solar energy generation devices.

The House concurs in the Senate proposal of amendment to House proposal of amendment with further proposal of amendment thereto in Sec. 5, 9 V.S.A. § 2795, in subsection (a), by striking out subdivision (6) in its entirety and inserting in lieu thereof a new subdivision (6) to read as follows:

(6) In the rules, the Commissioner shall adopt minimum efficiency and water conservation standards for each product that is subject to a standard under 10 C.F.R. §§ 430 and 431 as those provisions existed on January 19, ~~2017~~ 2025. The minimum standard and the testing protocol for each product shall be the same as adopted in those sections of the Code of Federal Regulations, except that for faucets, showerheads, and urinals, the minimum standard and testing protocol shall be as otherwise set forth in this section.

Report of Committee of Conference

S. 325.

An act relating to regional planning and Act 250 Tier jurisdiction.

To the Senate and House of Representatives:

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

S. 325. An act relating to regional planning and Act 250 Tier jurisdiction

Respectfully reports that it has met and considered the same and recommends that the Senate accede to the House proposal of amendment with further amendment thereto as follows:

First: In Sec. 6, 10 V.S.A. § 6081, by striking out subsection (t) in its entirety and inserting in lieu thereof a new subsection (t) to read as follows:

(t)(1) No permit or permit amendment is required for the construction of improvements for an accessory on-farm business for the storage or sale of qualifying products or the other eligible enumerated products as defined in 24 V.S.A. § 4412(11)(A)(i)(I).

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

(3) No permit or permit amendment is required for the construction of improvements ~~related to hosting events or farm stays as part of~~ for an accessory on-farm business of educational, recreational, or social events that feature agricultural practices or qualifying products, or both, as defined in 24 V.S.A. § 4412(11)(A)(i)(II). Types of events may include concerts and farm stays with five or fewer dwelling units. To qualify for this exemption, the accessory on-farm business shall not:

(A) have noise exceed 70 dB at the property boundaries; and

(B) have events that continue past 10:00 p.m.

(4) For purposes of this subsection, "feature agricultural practices or qualifying products" means that a host farm's agricultural practices or its qualifying products are a substantial component of any educational, recreational, or social event the accessory on-farm business hosts.

Second: In Sec. 9, public engagement plan, in subsection (a), by striking out subdivisions (1) and (2) in their entireties and inserting in lieu thereof new subdivisions (1) and (2) to read as follows:

(1) ensure the engagement planning process does not presuppose outcomes or take positions on policy and political issues;

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

Third: In Sec. 9, public engagement plan, in subsection (b), by striking out subdivisions (1) and (2) in their entireties and inserting in lieu thereof new subdivisions (1) and (2) to read as follows:

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

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

Fourth: In Sec. 10, 2 V.S.A. chapter 32, in section 1031, by striking out subsection (b) in its entirety and inserting in lieu thereof a new subsection (b) to read as follows:

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

Fifth: In Sec. 10, 2 V.S.A. chapter 32, in section 1031, in subsection (c), by striking out the last sentence in its entirety and inserting in lieu thereof a new sentence to read as follows:

A quorum shall consist of four members.

Sixth: In Sec. 10, 2 V.S.A. chapter 32, in section 1031, by striking out subsection (g) in its entirety and inserting in lieu of thereof a new subsection (g) to read as follows:

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

Seventh: In Sec. 14, 24 V.S.A. § 4303, in subdivision (43), by striking out subdivision (E) in its entirety and inserting in lieu thereof a new subdivision (E) to read as follows:

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

Eighth: In Sec. 20, 24 V.S.A. § 5808, by striking out subdivision (1) in its entirety and inserting in lieu thereof a new subdivision (1) to read as follows:

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

Ninth: In Sec. 21, municipal appeals and discretionary review of housing; report, in subsection (a), by striking out subdivision (5) in its entirety and inserting in lieu thereof a new subdivision (5) to read as follows:

(5) data on housing that has been built in the areas exempt from Act 250 jurisdiction under 10 V.S.A. § 6081(dd), including the number of units; the type of units, including the number of affordable units, market-rate units, second homes, units for short-term rental, units for long-term rental, single-unit dwellings, and multiunit dwellings; the price; and where the units were constructed; and

Tenth: By striking out Sec. 23, effective date, in its entirety and inserting in lieu thereof a new Sec. 23 to read as follows:

Sec. 23. EFFECTIVE DATE

This act shall take effect on July 1, 2026, except that in Sec. 6 (10 V.S.A. § 6081), subsection (t) shall take effect on July 1, 2027.

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. ELA CHAPIN
Committee on the part of the House

H. 740.

An act relating to the greenhouse gas inventory and registry.

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. 740. An act relating to the greenhouse gas inventory and registry.

Respectfully reports that it has met and considered the same and recommends that the House accede to the Senate proposal of amendment with further amendment thereto by striking out Sec. 1, 10 V.S.A. § 582, in its entirety and inserting in lieu thereof a new Sec. 1 to read as follows:

Sec. 1. 10 V.S.A. § 582 is amended to read:

§ 582. GREENHOUSE GAS INVENTORIES; REGISTRY

(a) Inventory and forecasting. The Secretary shall work, in conjunction with other states or a regional consortium, to establish a periodic and consistent inventory of greenhouse gas emissions. The Secretary shall publish the Vermont Greenhouse Gas Emission Inventory and Forecast by not later than June 1, 2010, and updates shall be published annually until ~~2028~~ 2030, until a regional or national inventory and registry program is established in which Vermont participates, or until the federal National Emissions Inventory includes mandatory greenhouse gas reporting. The Secretary of Natural Resources shall include a supplemental accounting in the Vermont Greenhouse Gas Emissions Inventory and Forecast that measures the upstream and lifecycle greenhouse gas emissions of liquid, gaseous, solid geologic and biogenic fuels combusted in Vermont.

* * *

(e) Rules.

(1) The Secretary may adopt rules to implement the provisions of this section and shall review existing and proposed international, federal, and State greenhouse gas emission reporting programs and make reasonable efforts to promote consistency among the programs established pursuant to this section and other programs, and to streamline reporting requirements on greenhouse gas emission sources. Except as provided in subsection (g) of this section, nothing in this section shall limit a State agency from adopting any rule within its authority.

(2) The Secretary has authority to adopt rules that create a comprehensive greenhouse gas emission reporting program that covers all sources of emissions, including fuel suppliers. Suppliers of transportation and heating fuels covered by the rules shall comply with requests from the Secretary for information. The Secretary shall adopt a rule that at a minimum includes the types and volume of fossil fuels sold by sector for the transportation, residential, commercial, and industrial sectors and by zip code, municipality, or the smallest geographic level practicable that also protects the individual identities of consumers.

* * *

SEN. ANNE E. WATSON
SEN. SETH BONGARTZ
Committee on the part of the Senate

REP. KATHLEEN C. JAMES
REP. R. SCOTT CAMPBELL
REP. DARA TORRE
Committee on the part of the House

H. 952.

An act relating to capital construction and State bonding budget adjustment.

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. 952. An act relating to capital construction and State bonding budget adjustment.

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:

* * * Legislative Intent * * *

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

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the ~~$111,965,288.44~~ $123,564,624.67 authorized in Secs. 2–16 this act, not more than ~~$61,969,761.44~~ $61,449,761.44 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

* * *

* * * Bond-Funded Project Authorizations * * *

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

Sec. 2. STATE BUILDINGS

* * *

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

* * *

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

* * *

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

(1) Statewide, major maintenance: ~~$8,500,000.00~~ $8,683,413.18

* * *

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

* * *

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

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

* * *

(12) Montpelier, State House entryway upgrades, design documents, including comprehensive parking plan and delivery truck access, and second-floor egress design: $1,300,000.00

(d) On or before January 15, 2027, the Sergeant at Arms and the Commissioner of Buildings and General Services shall report to the House Committee on Corrections and Institutions and the Senate Committee on Institutions on the status of the designs for the State House entryway and second-floor egress under subdivision (c)(12) of this section and on estimates for construction costs.

Appropriation – FY 2026	~~$13,726,680.44~~ $12,726,680.44
Appropriation – FY 2027	~~$15,925,000.00~~ $15,308,413.18
Total Appropriation – Section 2	~~$28,951,680.44~~ $28,035,093.62

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

Sec. 3. HUMAN SERVICES

(a) The following sums are appropriated in FY 2026 to the Department of Buildings and General Services for the Agency of Human Services for the following projects:

* * *

(4) St. Johnsbury, Northeast Correctional Complex (NECC) door control system replacements: ~~$1,000,000.00~~ $1,480,000.00

* * *

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

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

* * *

(4) St. Johnsbury, Northeast Correctional Complex (NECC) door control system replacements: ~~$2,600,000.00~~ $2,920,000.00

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

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

(7) Maintenance, replacement, and renovations at the Chittenden Regional Correctional Facility or other correctional facilities utilized in response to overcrowding for the incarcerated women's population: $598,850.00

* * *

Appropriation – FY 2026	~~$8,225,000.00~~ $8,705,000.00
Appropriation – FY 2027	~~$4,800,000.00~~ $14,345,104.21
Total Appropriation – Section 3	~~$13,025,000.00~~ $23,050,104.21

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

Sec. 4. COMMERCE AND COMMUNITY DEVELOPMENT

* * *

(b) The following sums are appropriated in FY 2027 to the Agency of Commerce and Community Development for the following projects:

(1) Major maintenance at statewide historic sites: ~~$550,000.00~~ $750,000.00

* * *

(3) Roadside historic site markers: ~~$25,000.00~~ $45,000.00

* * *

Appropriation – FY 2027	~~$621,000.00~~ $841,000.00
Total Appropriation – Section 4	~~$1,667,000.00~~ $1,887,000.00

Sec. 5. 2025 Acts and Resolves No. 33, Sec. 6 is amended to read:

Sec. 6. VETERANS' HOME

(a) The following sums are appropriated in FY 2026 to the Vermont Veterans' Home for the following projects:

(1) Replacement of air handlers: $710,000.00

(2) Expansion of laundry facilities: $340,000.00

(b) The Chief Executive Officer of the Vermont Veterans' Home is authorized to transfer any unexpended project balances between the amounts appropriated in subdivisions (a)(1)–(2) of this section and the amount appropriated in subsection (c) of this section.

(c) The sum of $1,250,000.00 is appropriated in FY 2027 to the Vermont Veterans' Home for sewage system and elevator upgrades.

Appropriation – FY 2026	$1,050,000.00
Appropriation – FY 2027	$1,250,000.00
Total Appropriation – Section 6	~~$1,050,000.00~~ $2,300,000.00

Sec. 6. 2025 Acts and Resolves No. 33, Sec. 10 is amended to read:

Sec. 10. CLEAN WATER INITIATIVES

* * *

(e) ~~The sum of $10,000,000.00 is appropriated in FY 2027 to the Agency of Natural Resources for the Department of Environmental Conservation for clean water implementation projects.~~ [Repealed.]

(f) In FY 2026 and FY 2027, any agency that receives funding from this section shall consult with the State Treasurer to ensure that the projects are capital eligible.

(g) The sum of $1,500,000.00 is appropriated in FY 2027 to the Agency of Agriculture, Food and Markets for water quality grants and contracts.

(h) The following sums are appropriated in FY 2027 to the Agency of Natural Resources for the Department of Environmental Conservation for the following projects:

(1) Clean Water State Revolving Fund: $1,577,600.00

(2) Municipal pollution control grants: $3,922,400.00

(i) The sum of $200,000.00 is appropriated in FY 2027 to the Agency of Natural Resources for the Department of Forests, Parks and Recreation for water quality improvements to forest access roads.

(j) The following sums are appropriated in FY 2027 to the Vermont Housing and Conservation Board for the following projects:

(1) Agricultural water quality projects: $800,000.00

(2) Land conservation and water quality projects: $2,000,000.00

* * *

Sec. 7. 2025 Acts and Resolves No. 33, Sec. 14 is amended to read:

Sec. 14. JUDICIARY

* * *

(c) The sum of $1,720,818.84 is appropriated in FY 2027 to the Department of Buildings and General Services for the Judiciary for the Newport Courthouse project.

Appropriation – FY 2026	$5,075,910.00
Appropriation – FY 2027	$1,720,818.84
Total Appropriation – Section 14	~~$5,075,910.00~~ $6,796,728.84

* * * Reallocations * * *

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

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

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

* * *

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

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

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

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

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

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

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

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

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

* * *

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

* * *

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

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

* * *

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

(o) Of the amount appropriated to the Enhanced 911 Board in 2017 Acts and Resolves No. 84, Sec. 6(b)(9), as added by 2018 Acts and Resolves No.

190, Sec. 5 (Enhanced 911 Compliance Grants Program), $63,413.15 is reallocated to defray expenditures authorized in Secs. 2–16 of this act.

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

(q) The following sums appropriated from the Capital Infrastructure subaccount of the Cash Fund for Capital and Essential Investments to the Department of Buildings and General Services in 2023 Acts and Resolves No. 78, Sec. B.1105(a) are reverted to defray expenditures authorized in Sec. 19 of this act:

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

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

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

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

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

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

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

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

Bonded Dollars	~~$5,074,938.48~~	$9,816,118.67
Cash	~~$1,700,000.00~~	$7,136,711.70

Total Reallocations, Reversions, and Transfers – Section 17 ~~$6,774,938.48~~ $16,952,830.37

* * * Cash-Funded Project Authorizations * * *

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

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

* * *

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

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

* * *

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

* * *

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

(1) to the Department of Buildings and General Services for statewide major maintenance: $1,781,173.60

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

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

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

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

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

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

(8) to the Department of Buildings and General Services for the Agency of Human Services for St. Johnsbury, Northeast Correctional Complex (NECC) door control system replacements: $2,700,000.00

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

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

(11) to the Department of Buildings and General Services for the Agency of Human Services for maintenance, replacement, and renovations at the Chittenden Regional Correctional Facility or other correctional facilities utilized in response to overcrowding for the incarcerated women's population: $500,000.00

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

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

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

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

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

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

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

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

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

(21) to the Department of Corrections to work with the Agency of Digital Services to develop a plan for providing network connectivity in State correctional facilities that modernizes processes and reduces reliance on paper; improves staff efficiency and addresses workforce challenges, such as staff retention; supports real-time data-driven operations; lays the foundation for future capabilities, such as wearable technology and mobile device–supported operations; and ensures secure, compliance connectivity in key facilities, each as outlined in the *Business Transformation Project Recommendations Report* issued by the Agency: $750,000.00

* * * Policy * * *

* * * Department of Environmental Conservation * * *

Sec. 10. 24 V.S.A. § 4752 is amended to read:

§ 4752. DEFINITIONS

As used in this chapter:

* * *

(21) "Eligible mobile home park water system" means a privately owned nonprofit community type system that serves a majority of the users who reside in a nonprofit- or resident-owned mobile home park registered with the Department of Housing and Community Development pursuant to 10 V.S.A. § 6254.

Sec. 11. 24 V.S.A. § 4771 is amended to read:

§ 4771. CONDITIONS OF LOAN AGREEMENT

(a) VEDA may make loans to applicants on behalf of the State for one or more of the purposes set forth in subsection 4770(b) of this title. Each such loan shall be made subject to the following conditions:

(1) The loan shall be evidenced by a note payable over a term not to exceed 30 years. Repayment shall commence not later than one year after completion of the project for which loan funds have been applied.

(2) The loan shall be secured with assets as determined by VEDA. VEDA may also require that the applicant assign all or a portion of the water system revenues as security for the loan, or may require the establishment of a reserve fund.

(3) The loan recipient shall establish a dedicated source of revenue for repayment of the loan which may include a pledge of revenue from user charges, tap fees, development charges, and pledges of accounts receivable and the proceeds therefrom.

(4) The rate of interest charged for loans shall be set by the State Treasurer, taking into consideration prevailing borrowing rates available to similarly situated applicants from private lenders and administrative fees to be charged to applicants. VEDA, in cooperation with the Secretary, shall periodically recommend interest rates to be set by the State Treasurer ~~which~~ that are the lowest practicable rates consistent with maintaining the long-term integrity of the Fund. The interest rate set by the State Treasurer may be less than the prevailing borrowing rates available to similarly situated applicants from private lenders, but not less than zero percent.

(5)(A) Notwithstanding ~~subdivision~~ subdivisions (1) and (4) of this subsection (a), a privately owned nonprofit community type system may qualify for a 40-year loan term at an interest rate, plus administrative fee, to be established by the Secretary of Natural Resources that shall be not more than three percent or less than minus three percent, provided that the applicant system meets the income level and annual household user cost requirements of a disadvantaged municipality as defined in subdivision 4752(12)(A) of this title or is an eligible mobile home park water system, and at least 80 percent of the residential units served by the water system is continuously occupied by local residents and at least 80 percent of the water produced is for residential use.

(B) [Repealed.]

(C) If the Secretary determines that a privately owned nonprofit community type system qualifies for a loan under this subdivision (5), the Secretary shall certify the loan term and interest rate to VEDA. ~~In no instance shall the~~ Except as applied to an eligible mobile home park water system, the Secretary shall not certify an annual interest rate, plus an administrative fee, ~~be~~ pursuant to this subdivision (C) that is less than is necessary to achieve an annual household user cost equal to one percent of the median household

income of the applicant water system computed in the same manner as prescribed in subdivision 4763c(b)(2) of this title.

* * *

* * * Division for Historic Preservation * * *

Sec. 12. 22 V.S.A. § 725 is amended to read:

§ 725. ACCEPTANCE AND SOLICITATION OF FUNDS OR GIFTS FOR HISTORIC SITES AND VERMONT ARCHAEOLOGY HERITAGE CENTER

(a) ~~With~~ Notwithstanding 3 V.S.A. § 1203g and with the approval of the Secretary of Administration, the State Historic Preservation Officer may accept and solicit grants, gifts, donations, loans, or other things of value on behalf of the Division for Historic Preservation for use by the Division for Historic Preservation in establishing and maintaining displays and exhibits at any historic site and at the Vermont Archaeology Heritage Center, or restoring any historic site maintained and developed under section 723 of this chapter.

(b) In any request for approval of solicitation under this section, the State Historic Preservation Officer shall specify the project and fundraising goal for which the Officer is undertaking fundraising.

* * * Department of Forests, Parks and Recreation * * *

Sec. 13. DEPARTMENT OF FORESTS, PARKS AND RECREATION; LITTLE RIVER STATE PARK LEASE

(a) Notwithstanding 29 V.S.A. § 166, in fiscal year 2027, the Commissioner of Forests, Parks and Recreation is authorized to enter into a long-term lease with Vermont Huts Association Ltd. for the use of a structure at Little River State Park and the land on which the structure is located, provided that the lease specifies:

(1) the term of 20 years with an option to renew for an additional two 10-year terms at the Commissioner's discretion;

(2) the fee or fee formula to be used to compensate the State;

(3) conditions on the use of the structure, including the boundaries of the land and structure to be leased;

(4) that Vermont Huts Association Ltd. shall secure insurance and be subject to an indemnification clause consistent with Attachment C, Standard State Provisions for Contracts and Grants, approved by the Agency of Administration in Administrative Bulletin 3.5;

(5) provisions for the termination of the lease;

(6) requirements for the operation and maintenance of the leased structure and lands, including responsibility for the costs of maintenance;

(7) how any conflict between the parties shall be resolved; and

(8) that a contract between the Department and Vermont Huts Association Ltd., executed in accordance with the Standard State Provisions for Contracts and Grants set forth in Administrative Bulletin 3.5 of the Agency of Administration, be required for the relocation and reconstruction of the Goodell House located at Little River State Park.

(b) The Commissioner of Forests, Parks and Recreation shall report to the Chairs of the House Committee on Corrections and Institutions and Senate Committee on Institutions with a report on the status of the lease negotiations under this section on or before August 15, 2026, and immediately prior to execution of any related lease agreement and shall provide to the Chairs the lease agreement promptly following execution.

* * * Department of Buildings and General Services * * *

Sec. 14. SOUTHERN STATE CORRECTIONAL FACILITY; PROPERTY TRANSFER

(a) Notwithstanding 29 V.S.A. § 166, the Commissioner of Buildings and General Services is authorized to transfer to the Town of Springfield a portion of the Southern State Correctional Facility property consisting of approximately 22.93 acres to be used for municipal purposes, including economic development as an industrial parcel, provided that the Commissioner may transfer the property only if:

(1) the State obtains any State or local zoning or subdivision approvals required for transfer;

(2) the State and the Town negotiate updates to the 1999 Agreement to:

(A) establish responsibility for the maintenance and upkeep of the access road and the water and sewer service lines for the Facility and the transferred property; and

(B) mitigate impacts to the Springfield community; and

(3) the transferred property does not include any brownfields.

(b) If the Town has not begun developing the transferred property for purposes of economic development by the end of March 2030, the Town shall consult with the Commissioner of Buildings and General Services to examine alternative uses for the property.

Sec. 15. REPEALS

(a) 2024 Acts and Resolves No. 162, Sec. 23 (Southern State Correctional Facility; transfer of parcel) is repealed.

(b) Sec. 14 of this act (Southern State Correctional Facility; property transfer) is repealed on July 1, 2030.

Sec. 16. 2023 Acts and Resolves No. 69, Sec. 22(a) is amended to read:

(a)(1) 110 State Street. ~~Notwithstanding 29 V.S.A. § 166(b), the~~ The Commissioner of Buildings and General Services is authorized to sell the property located at 110 State Street in the City of Montpelier, provided that the Commissioner includes in any contract for sale appropriate interior and exterior protective covenants developed in consultation with the Division for Historic Preservation and the Vermont Advisory Council on Historic Preservation pursuant to 22 V.S.A. § 743. ~~The Commissioner shall first offer in writing to the City the right to purchase the property.~~

~~(1) The City's preferential right to purchase the property authorized in this subsection shall terminate unless the City submits a written notification to the Commissioner of its intent to purchase the property on or before October 15, 2023.~~

(2) ~~If the City submits a notification of its intent to purchase the property pursuant to subdivision (1) of this subsection, the City shall submit a written offer to the Commissioner not later than June 1, 2024. In the event the City fails to submit a written offer by June 1, 2024, then the City's preferential right to purchase the property shall terminate and the Commissioner is authorized to sell the property to another party~~ The Commissioner of Buildings and General Services shall provide to the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions copies of any related request for proposal and any executed contract for sale of 110 State Street in the City of Montpelier promptly after each becomes available.

(3) It is the intent of the General Assembly to ensure that 110 State Street in the City of Montpelier is sold at fair market value; that historic attributes of the property are protected for future generations; that the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions receive timely notice of status updates on the disposition of the property; and that the initial purchaser of the property provides notification of any intent to sell to the Secretary of Administration and the Commissioner of Buildings and General Services, who shall then promptly notify the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions of the potential sale.

Sec. 17. CHITTENDEN REGIONAL CORRECTIONAL FACILITY

Among the uses of the funds appropriated in 2025 Acts and Resolves No. 33, Secs. 3(b)(7) and 19(f)(11), as amended by this act, the Department of Buildings and General Services shall prioritize repairs of bathrooms, showers, and flooring at the Chittenden Regional Correctional Facility. If the Department of Buildings and General Services applies funds to other correctional facilities to respond to overcrowding at the Chittenden Regional Correctional Facility, the Commissioner of Buildings and General Services and the Commissioner of Corrections shall provide an overview of the use of funds to the Joint Legislative Justice Oversight Committee at the Committee's regularly scheduled meetings in calendar year 2026.

* * * Agency of Human Services * * *

Sec. 18. HIGH-END SYSTEM FACILITIES FOR YOUTH

(a) At the August, October, and December 2026 meetings of the Joint Legislative Justice Oversight Committee, the Departments for Children and Families and of Buildings and General Services shall report on their plan to develop the Green Mountain Youth Facility.

(b) Notwithstanding any other provision of law to the contrary, before the Departments for Children and Families and of Buildings and General Services approve design documents for construction and prior to approval of the lease for the facility, the Department of Buildings and General Services shall submit their approved design to the House Committees on Corrections and Institutions and on Human Services and the Senate Committees on Institutions and on Health and Welfare. At the same time, the Department for Children and Families shall submit a draft operating budget.

* * * Department of Corrections and Agency of Digital Services * * *

Sec. 19. REPORT; NETWORK CONNECTIVITY IN STATE CORRECTIONAL FACILITIES

The Commissioner of Corrections and the State Chief Information Officer of Digital Services, in consultation with the Commissioner of Buildings and General Services, shall report to the Joint Legislative Justice Oversight Committee at each scheduled meeting of the Committee in calendar year 2026 on the plan for providing network connectivity in State correctional facilities authorized pursuant to 2025 Acts and Resolves No. 33, Sec. 19(f)(21), including any prioritization and schedule.

* * * Stormwater Utilities * * *

Sec. 20. 24 V.S.A. § 4414(9) is amended to read:

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

Sec. 21. 24 V.S.A. § 3626 is added to read:

§ 3626. MUNICIPAL AUTHORITY TO AUTHORIZE AND OPERATE STORMWATER UTILITY

The creation of a regional stormwater utility under statute or rules of the Agency of Natural Resources shall not prevent a municipality from regulating stormwater under this chapter, including adoption by the municipality of a bylaw authorizing the operation of a municipal stormwater utility that establishes an assessment on an equivalent residential unit or impervious surface.

* * * General Assembly * * *

Sec. 22. STATE HOUSE; ENTRYWAY DESIGN; SPECIAL COMMITTEE

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

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

* * * Effective Date * * *

Sec. 23. EFFECTIVE DATE

This act shall take effect on passage.

SEN. WENDY K. HARRISON
SEN. ROBERT PLUNKETT
SEN. JOHN BENSON
Committee on the part of the Senate

REP. ALICE M. EMMONS
REP. MARY A. MORRISSEY
REP. BRIAN MINIER
Committee on the part of the House

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.

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)

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 and holistic healing.
[Received May 11, 2026]

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]