

Senate Committee on Economic Development, Housing, & General Affairs

Tuesday 1/27

FY27 Budget Discussion

Walk-through budget's impact on 26-0748

Ted Barnett, Fiscal Analyst, Joint Fiscal Office

26-0748 - An act relating to housing

Mark Up

Cameron Wood, Legislative Counsel, Office of Legislative Counsel

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Corey Parent, Owner, Parent Property Management

Top-Line Takeaways for House Commerce:

- **Budget:** Funding for VHIP is moving to the base budget, and Property Transfer Tax (PTT) revenue from second homes is outperforming forecasts.
- **Economic Development:** There is a proposal to expand VEDA's lending authority into multi-unit housing.
- **Labor/Business:** A proposed density bonus for projects using union labor and a controversial rent cap for mobile home parks were discussed.
- **Missing Funds:** A proposed \$6M pilot for off-site construction currently has no funding attached.

1. Budgetary & Revenue Updates

- **VHIP (Vermont Housing Improvement Program):** The Governor's budget moves \$4 million for VHIP into base funding. This is a shift from previous years where it was one-time funding, providing more stability for landlords and developers.
- **Mobile Home Infrastructure:** The budget includes \$800,000 in one-time funds for the Manufactured Housing Improvement & Repair (MHIR) program, plus \$2 million in base funding.
- **Property Transfer Tax (PTT) Performance:**
 - Total PTT revenue is projected at \$82 million.
 - The "second home/short-term rental" tax hike (increasing the rate from 1.25% to 3.4%) is performing above forecast.
 - Fears that the tax would be "gamed" or administratively burdensome have largely not materialized; sales volume for vacation homes has remained steady.

2. Economic Development & Commercial Implications

- **VEDA Expansion into Housing:**
 - **Proposal:** The bill authorizes the Vermont Economic Development Authority (VEDA) to finance multi-unit housing (5+ units) in consultation with VHFA.
 - **Commerce Relevance:** This expands VEDA's scope. There was discussion about ensuring VEDA maintains its primary commercial focus while supporting housing.
- **Union Labor Density Bonus:**
 - **Proposal:** Residential projects using union labor would receive a 20% density bonus over local zoning limits.
 - **Discussion:** There was skepticism regarding the cost implications. Members requested testimony on the "cost delta" between union and non-union commercial construction to ensure this doesn't drive up housing costs.
- **Off-Site Construction Pilot (Unfunded):**
 - **Proposal:** A pilot program for bulk purchasing and off-site construction (modular/manufactured) to streamline development.
 - **Red Flag:** The administration requested this pilot but did not include the necessary \$6 million in the budget. The committee is questioning how this "shall" mandate can proceed without appropriation.

3. Regulatory Changes Impacting Property Owners

- **HOA/Common Interest Community Restrictions:**
 - **Leasing Bans:** The bill prohibits HOAs from banning long-term rentals (e.g., banning an owner from leasing their unit for a year). It does preserve the right to ban short-term/transient rentals (AirBnB).

- **Child Care:** HOAs would be prohibited from banning in-home family child care businesses.
- **Retroactivity:** Legislative Counsel flagged potential constitutional concerns regarding the retroactive application of these rules to existing HOA contracts.
- **Mobile Home Rent Control:**
 - **Proposal:** Caps mobile home lot rent increases at CPI + 1%. Currently, increases above this trigger mediation but are not strictly capped.
 - **Controversy:** This was identified as a major friction point. Some members argued strongly against it, citing concerns about market interference and unintended consequences for park owners/investors.

4. Zoning & Act 250 (Streamlining Efforts)

- **Act 250 Interim Exemptions:**
 - The draft extends the interim Act 250 exemptions (for designated areas) from 2027 to July 2030.
 - It removes the "10 acres or less" cap for exemptions in certain urban areas (50k+ residents), allowing larger tracts to be developed without Act 250 review if local zoning is sufficient.
- **"By Right" Duplexes:**
 - Clarifies that duplexes must be a permitted use (administrative review only) rather than a conditional use. This removes the Development Review Board (DRB) process for duplexes, intending to speed up permits.
- **Utility-Based Density:**
 - Defines areas "served by water and sewer" (where higher density is mandated) more specifically, potentially as 1/4 mile from the road serviced by the infrastructure.

Next Steps & Action Items

- **Jurisdictional Battle:** The Act 250 provisions (specifically changing Tier 1B designation from "opt-in" to "opt-out") will likely trigger a referral to the Senate Natural Resources Committee, potentially slowing the bill.
 - **Witness Requests:** The committee plans to call the Vermont League of Cities and Towns (VLCT) to discuss the burden of new municipal planning requirements and representatives from HOAs regarding the new property rights restrictions.
 - **Terminology:** Lots of committee discussion about the definition of mobile home.
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Wednesday 1/28

S. 88 - An act relating to creating an enhanced growth incentive for employee-owned businesses

Introduction and Walk Through

Sen. Wendy Harrison, Sponsor

Rik Sehgal, Legislative Counsel, Office of Legislative Counsel

- **Current Enhanced VEGI Incentives:**
 - Labor market areas with unemployment above the state average or wages below the state average.
 - Environmental technology businesses (waste management, natural resource protection, energy efficiency, clean energy).
- **Proposed Incentive:** This bill would add a third enhanced incentive for employee-owned businesses.
- **Committee Interest:** Exploring economic impact, potential inclusion in the larger economic development bill, and efficiency of this incentive method. Requests for testimony from employee ownership experts.

26-0759 - Economic Development

Committee Discussion

Rik Sehgal, Legislative Counsel, Office of Legislative Counsel

Patrick Titterton, Senior Fiscal Analyst, Joint Fiscal Office

Linda Rossi, State Director, Vermont Small Business Development Center

- **Purpose:** Strengthen support for Vermont businesses of all sizes and invest in downtowns.
- **Program Updates:**
 - **Vermont Downtown and Village Center Tax Credit Program:** Raise cap from \$3 million to \$5 million.
 - **Vermont Small Business Law Center:** \$300,000.
 - **Small Business Development Center (SBDC):** Total allocation of \$689,000 (\$300,000 above Governor's suggested allocation).
 - **Microbusiness:** \$594,000 to OEO for microbusiness development program (as suggested by Governor).
 - **VOREC:** \$200,000 for economic impact study.

- **International Business Office:** Allocation of \$150,000.
 - **Brownfields:** Allocation of \$3 million (noted disappointment this was missing from the Governor's budget).
 - **Task Forces:**
 - **Vermont Business Development Task Force:** Proposed research and report on current business services availability and accessability to Vermont companies at all stages of development; some debate on necessity.
 - **Convention Center Task Force:** Mandated to meet more frequently(14 times instead of 6); discussion on current feasibility of a convention center in the state.
 - **S.88 Included in 26-0759
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Thursday 1/29

S. 313 - An act relating to transforming Vermont's career technical education system

Introduction and Walk-Through

Sen. Kesha Ram Hinsdale, Chair, Sponsor

Beth St. James, Legislative Counsel, Office of Legislative Counsel

- **Purpose:** Creating student opportunities and integrating CTE into public education; shifting the narrative that college is the only critical path.
- **Key Concerns:** Addressing the 16-year-old dropout cohort.
- **Bill Provisions:** Universal access (addressing transport/scheduling), flexible delivery models, and adapting to labor market needs.
- **Educator Focus:** Discussion on new pay scales to incentivize industry experts to teach.
- **Standards:** Note that there are currently no state-wide graduation requirement standards.

S. 277 - An act relating to prohibiting mandatory overtime for nurses

Introduction and Walk-Through

Sen. Martine Larocque Gulick, Co-Chair, Sponsor

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

- **Key Protections:** * Nurses cannot be disciplined for refusing overtime.

- Employers prohibited from requiring work beyond the required shift.
 - Rest periods: 10 hours required between 12-hour shifts.
 - Shift caps: Max 12 hours in 24-hour period or 48 hours in a workweek.
- **Exemptions:** State of emergency, ongoing procedures, or unforeseen disasters (excluding routine understaffing).
- **Employer Mandates:** Must make good faith efforts to avoid mandatory overtime and report every instance within 30 days.
- **Committee Query:** Discussion on whether these protections should extend to doctors.