

## Senate Committee on Economic Development, Housing, & General Affairs

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Tuesday 2/3

### S. 328 - An act relating to housing and common interest communities

*Section 1 and Section 3*

Alex Farrell, Commissioner, Department of Housing and Community Development

#### **Housing Target Integration (S.328, Section 1)**

- **Key Concept:** Integrates state-established housing targets into municipal comprehensive plans.
- Municipalities must review targets within their existing planning cycle and either demonstrate their regulatory schemes can meet them or catalog constraints (likely water/wastewater infrastructure).
- Creates a system for the Department of Housing and Community Development (DHCD) and Regional Planning Commissions (RPCs) to identify and address capacity-building needs.
- Carries forward language from S.267; no changes. This work aligns with December 2026 regional plans.
- **Committee Tone:** Collaborative; questions focused on aligning targets with existing municipal planning rhythms, not on mandating off-cycle updates. Full committee acknowledged municipal involvement via RPCs.

#### **Off-Site Construction Accelerator Pilot (S.328, Sections 2–3)**

- **Objective:** To finance a demonstration pilot for modular/off-site housing development in a chosen municipality.
- Contingent on one-time funding.
- **Committee Interest:** Pressed for clarity on pilot cost estimates.

- No opposition to the concept, but interest centered on feasibility and cost.

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## Wednesday 2/4

### S. 327 - An act relating to economic development

*Section 6, Sections 10 and 11, Section 1.*

Matt Chapman, Director, Waste Management & Prevention Division, Department of Environmental Conservation

Sarah Bartlett, Manager, Brownfields Program

Trish Coppolino, Senior Environmental Program Manager, Department of Environmental Conservation, Agency of Natural Resources

Jessica Hartleben, Executive Director, Vermont Economic Progress Council - Invited

Alex Farrell, Commissioner, Department of Housing and Community Development

### Summary of Discussion

- Interest in **increasing downtown center tax credits**
- Strong momentum to **make VEGI permanent**
- Careful but real interest in **ESOP incentives**
- Legislative effort to **backfill Brownfields cleanup funding** and reduce delays
- Strong Committee Support Overall

### Key Takeaways (New Information & Developments)

#### Downtown & Village Center Tax Credit

- **Current cap: \$3,000,000**
- **Prior admin proposal:** increase to **\$5,000,000** (not in Governor's FY budget).
- **2023–2025:** Demand for program consistently exceeds caps, often exceed **\$5M**
- **Return on Investment:**
  - Previously cited as **~17:1**, clarified closer to **~25:1 ROI**
- **Impact:**
  - Strongest relative impact in **small towns and rural downtowns**.
  - Enables projects to move forward sooner rather than reapplying after 12-month delays.

- **Policy implication:** Adding **\$2M** would materially reduce backlog and project delay.

## CHIP Program (New Program Updates)

- **Portal opened:** Friday, Jan 31 at **4:00 PM**
- **Interest received (as of hearing):**
  - **5 formal interest forms**
  - **3 projects appear eligible and shovel-ready**
- Potential timelines: Projects could break ground Spring–Fall 2026
- **Engagement indicators:**
  - 14 municipalities reached out since Nov 202
  - 250+ webinar registrants, ~175 active participants per session
  - 2 developers proactively contacted VEPC
- **Next steps:** Virtual municipal office hours throughout February

Early traction is **stronger and faster than expected**.

## VEGI Program — Elimination of Sunset (Section 10)

- **Committee focus:** Stability and competitiveness, not re-litigation of value.
- **VEGI lifecycle:** **9 years** (5 years earning + 4 years maintenance).
- **Average annual payout:** **~\$2M/year**
- **Tax expenditure context:**
  - VEGI = **0.6%** of individual income tax expenditures.
- **2015–2023 outcomes:**
  - **\$170M** new capital investment
  - **640 jobs**
  - **\$43.7M** qualifying payroll
  - **Average wage: \$68,326**
- **Since 2007 (full program history):**
  - **\$1.2B** capital investment
  - **10,000+ jobs**
  - **\$613M** payroll
  - **\$41.5M** incentives paid
  - **\$42.70 generated** per \$1 incentive paid

## VEGI Enhancements – ESOP / Employee Ownership (Section 11)

- VEPC has not yet reviewed the ESOP-related enhancement language.
- Chair process question:

- Should new VEGI enhancements originate via VEPC review first, or legislatively?
- Recommendation:
  - Testimony from Vermont Employee Ownership Center
  - No opposition — some caution

## Brownfields Program (Section 6)

**Context:** Committee requested this review due to persistent complaints about timing and complexity.

### Successes

- Program enables redevelopment that would otherwise not occur.
- Strong confidence in health-protective outcomes has reduced stigma.
- Brownfields projects are prioritized internally, especially housing.

### Pain Points (From Stakeholder Survey)

- Contaminated soil management (biggest bottleneck)
- Process complexity and timeframes
- Overlapping regulatory requirements
- Cost and funding availability

### New Developments

- Local soil reuse pathways implemented last year
  - Already **4 projects using it**
  - Reduces hauling distances and cost
- Vermont Brownfields projects move fast
- Regulatory scope is **generally aligned with other New England states**, despite increasing contaminants (e.g., PFAS)

### Overall Committee Tone

- **Strongly supportive** across all programs discussed.  
No opposition; discussion focused on capacity, predictability, and efficiency.

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## Thursday 2/5

### S. 230 - An act relating to flexible working arrangements

Megan Sullivan, Vice President of Government Affairs, Vermont Chamber of Commerce - Invited

Charlie Gliserman, Director of Policy, Vermont Network Against Domestic & Sexual Violence - Invited

Colin Robinson, Political Director, Vermont National Education Association - Invited

Rebecca McBroom, General Counsel, Vermont National Education Association

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

#### **Bill Summary**

Introduced by Senator Perchlik, **S.230** proposes that Vermont employers **must grant employee requests** for flexible working arrangements unless the request is inconsistent with business operations. These arrangements include changes to work hours, shift times, job-sharing, or remote work. Employers are required to discuss requests in good faith at least twice per calendar year and may propose alternative solutions. The bill defines "inconsistent with business operations" through specific criteria, such as additional costs, inability to recruit staff, or detrimental effects on business performance. If passed, the act is scheduled to take effect on July 1, 2026

#### **Testimony & Discussion**

- Adding Pilots and Educators as considered full time staff
- Vermont is already an outlier in the permissions given to flexible employees.
- This would add more compliance burdens to businesses.
- Lack of evidence on the need for this kind of policy.
- Could harm Vermont's regulatory business competitive standard.

### S. 173 - An act relating to workers' compensation and the Vermont Labor Relations Board

Kelly Massicotte, Attorney, Vermont Association for Justice

Jamie Feehan, Government Relations Director, Primmer

Dirk Anderson, Director of Workers' Compensation and Safety, Department of Labor

## **Bill Summary:**

S.173 improves access to vocational rehabilitation for injured workers by removing outdated screening requirements, ensuring workers are informed of their rights, and allowing workers to initiate services if an employer fails to act after 90 days. The bill also creates and funds a full-time State Mediator within the Vermont Labor Relations Board to provide free mediation services to public and private sector employers and employees at collective bargaining impasse. The bill takes effect July 1, 2026.

## **Bill Details Discussed:**

### **Expanded Access to Vocational Rehabilitation (Workers' Compensation)**

The bill amends Vermont's workers' compensation law to better protect injured workers by:

- **Removing outdated vocational rehabilitation screening language** that limited or delayed access to services.
- **Ensuring injured workers are fully informed** of their vocational rehabilitation rights through a clear, standardized form explaining:
  - Choice of provider
  - Right to challenge determinations
  - Right to request services later if earning capacity is affected
  - Reimbursement for related expenses
- **Allowing injured workers to initiate vocational rehabilitation themselves** if:
  - They have been out of work for more than 90 days, and
  - The employer has failed to assign a vocational rehabilitation provider.
- **Preserving worker choice** of vocational rehabilitation counselors and requiring protections against conflicts of interest.
- **Maintaining certification requirements** so most vocational rehabilitation services are provided by Vermont-certified counselors.

### **Questions from committee**

- How many workers qualify for benefits?
- 24-25,000 Vermonters
  - ~10% of those are out of workforce for at least 90 days – triggers notification for rehab services from employers to employee
  - Out of that amount only a very small number are actually entitled to the benefit.
- Very small number of injured workers are eligible for rehabilitation benefits.
- Insurers and Employers pay for these services

### **Testimony on behalf of American Property and Casualty Insurance Association**

- Advocating for keeping amendments (screening process)– removing amendments may increase costs (for insurance companies)
- Claims there are already mechanisms in place to prevent the issues occurring. Suggest looking closer at the process instead of removing it