

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Environment to which was referred Senate Bill No. 325
3 entitled “An act relating to regional planning and Act 250 Tiers” respectfully
4 reports that it has considered the same and recommends that the House propose
5 to the Senate that the bill be amended by striking out all after the enacting
6 clause and inserting in lieu thereof the following:

7 * * * Act 181 Repeals * * *

8 Sec. 1. 2024 Acts and Resolves No. 181, Sec. 19 (road jurisdiction) is
9 amended to read:

10 Sec. 19. [Deleted.]

11 Sec. 2. 2024 Acts and Resolves No. 181, Sec. 21 (Tiers) is amended to read:

12 Sec. 21. [Deleted.]

13 Sec. 3. 2024 Acts and Resolves No. 181, Sec. 114 is amended to read:

14 Sec. 114. EFFECTIVE DATES

15 This act shall take effect on passage, except that:

16 (1) Secs. 12 (10 V.S.A. § 6001); and 13 (10 V.S.A. § 6086(a)(8)), ~~and~~
17 ~~21 (10 V.S.A. § 6001)~~ shall take effect on ~~December 31, 2026~~ January 1, 2028;

18 (2) ~~Sec. 19 (10 V.S.A. § 6001(3)(A)(xii)) shall take effect on July 1,~~
19 ~~2026~~ [Deleted.];

20 Sec. 4. REPEAL

21 2024 Acts and Resolves No. 181, Sec. 22 (Tier 3 rulemaking) is repealed.

1 Sec. 5. REPEAL

2 2024 Acts and Resolves No, 181, Sec. 34 (Tier 2 Area Report) is repealed.

3 * * * Act 250 * * *

4 Sec. 6. 10 V.S.A. § 6081 is amended to read:

5 § 6081. PERMITS REQUIRED; EXEMPTIONS

6 * * *

7 (z)(1) Notwithstanding any other provision of this chapter to the contrary,
8 no permit or permit amendment is required for any subdivision, development,
9 or change to an existing project that is located entirely within a Tier 1A area
10 ~~under~~ as established in section 6034 of this chapter.

11 (2) Notwithstanding any other provision of this chapter to the contrary,
12 no permit or permit amendment is required within a Tier 1B area approved by
13 the Board under section 6033 of this chapter for 50 units or fewer of housing
14 on a tract or tracts of land involving 10 acres or less or for mixed-use
15 development with 50 units or fewer of housing on a tract or tracts of land
16 involving 10 acres or less.

17 (3) Upon receiving notice and a copy of the permit issued by an
18 appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously
19 issued permit for a development or subdivision located in a Tier 1A area shall
20 remain attached to the property. However, neither the Board nor the Agency
21 of Natural Resources shall enforce the permit or assert amendment jurisdiction

1 on the tract or tracts of land unless the designation is revoked or the
2 municipality has not taken any reasonable action to enforce the conditions of
3 the permit.

4 * * *

5 (dd) Interim housing exemptions.

6 (1) Notwithstanding any other provision of law to the contrary, until
7 January 1, ~~2027~~ 2028, no permit or permit amendment is required for the
8 construction of housing projects such as cooperatives, condominiums,
9 dwellings, or mobile homes, with 75 units or fewer, constructed or maintained
10 on a tract or tracts of land, located entirely within the areas of a designated new
11 town center, a designated growth center, or a designated neighborhood
12 development area served by public sewer or water services or soils that are
13 adequate for wastewater disposal. Housing units constructed pursuant to this
14 subdivision shall not count towards the total units constructed in other areas.
15 This exemption shall not apply to areas within mapped river corridors and
16 floodplains except those areas containing preexisting development in areas
17 suitable for infill development as defined in 29-201 of the Vermont Flood
18 Hazard Area and River Corridor Rule.

19 (2)(A) Notwithstanding any other provision of law to the contrary, until
20 ~~July~~ January 1, ~~2027~~ 2028, no permit or permit amendment is required for the
21 construction of housing projects such as cooperatives, condominiums,

1 dwellings, or mobile homes, with 50 or fewer units, constructed or maintained
2 on ~~a tract or tracts of land of~~ 10 acres or less, located entirely within:

3 (i) areas of a designated village center and within one-quarter mile
4 of its boundary with permanent zoning and subdivision bylaws and served by
5 public sewer or water services or soils that are adequate for wastewater
6 disposal; or

7 (ii) areas of a municipality that are within a census-designated
8 urbanized area with over 50,000 residents and within one-quarter mile of a
9 transit route.

10 * * *

11 (3) Notwithstanding any other provision of law to the contrary, until
12 January 1, ~~2027~~ 2028, no permit or permit amendment is required for the
13 construction of housing projects such as cooperatives, condominiums,
14 dwellings, or mobile homes, constructed or maintained on a tract or tracts of
15 land, located entirely within a designated downtown development district with
16 permanent zoning and subdivision bylaws served by public sewer or water
17 services or soils that are adequate for wastewater disposal. Housing units
18 constructed pursuant to this subdivision shall not count towards the total units
19 constructed in other areas. This exemption shall not apply to areas within
20 mapped river corridors and floodplains except those areas containing

1 preexisting development in areas suitable for infill development as defined in
2 29-201 of the Vermont Flood Hazard Area and River Corridor **Rule.**

3 * * * Municipal zoning * * *

4 Sec. 7. 24 V.S.A. § 4460 is amended to read:

5 § 4460. APPROPRIATE MUNICIPAL PANELS

6 * * *

7 (g)(1) This subsection shall apply to a subdivision or development that:

8 (A) was previously permitted pursuant to 10 V.S.A. chapter 151;

9 (B) is located in a Tier 1A area pursuant to 10 V.S.A. § 6034; and

10 (C) has applied for a permit or permit amendment required by zoning
11 regulations or bylaws adopted pursuant to this subchapter.

12 (2) The appropriate municipal panel reviewing a municipal permit or
13 permit amendment pursuant to this subsection shall include conditions
14 contained within a permit previously issued pursuant to 10 V.S.A. chapter 151,
15 so that the conditions may be enforced as part of the municipal permit, unless
16 the panel determines that the permit condition pertains to any of the following:

17 (A) the construction phase of the project that has already been
18 constructed;

19 (B) compliance with another State permit that has independent
20 jurisdiction;

21 (C) federal or State law that is no longer in effect or applicable;

1 (D) an issue that is addressed by municipal regulation and the project
2 will meet the municipal standards; or

3 (E) a physical or use condition that is no longer in effect or
4 applicable or that will no longer be in effect or applicable once the new project
5 is approved.

6 (3) After issuing or amending a permit containing conditions pursuant to
7 this subsection, the appropriate municipal panel shall provide notice and a
8 copy of the permit to the Land Use Review Board.

9 (4) The appropriate municipal panel shall comply with the notice and
10 hearing requirements provided in subdivision 4464(a)(1) of this title. In
11 addition, notice shall be provided to those persons requiring notice under
12 10 V.S.A. § 6084(b) and shall explicitly reference the existing Act 250 permit.

13 (5) The appropriate municipal panel’s decision shall be issued in
14 accordance with subsection 4464(b) of this title and shall include specific
15 findings with respect to its determinations pursuant to subdivision (2) of this
16 subsection.

17 (6) Any final action by the appropriate municipal panel affecting a
18 condition of a permit previously issued pursuant to 10 V.S.A. chapter 151 shall
19 be recorded in the municipal land records.

20 ~~(h) Within a Tier 1A area, the appropriate municipal panel shall enforce~~
21 ~~any existing permits issued under 10 V.S.A. chapter 151 that has not had its~~

1 ~~permit conditions transferred to a municipal permit pursuant to subsection (g)~~
2 ~~of this section.~~

3 **Sec. 8. PUBLIC OUTREACH FRAMEWORK**

4 (a) On or before January 15, 2027, the Land Use Review Board shall
5 contract with a non-governmental organization to develop recommendations
6 for a public engagement plan. The contractor shall have expertise in
7 maintaining neutrality on policy and political issues; Statewide, democratic
8 public engagement processes; facilitation on public policy topics; and a proven
9 history of effective outreach in rural communities.

10 (b) The purpose of the public engagement plan would be to gather
11 Statewide input from Vermonters to inform the General Assembly on:

12 (1) the risks of losing critical natural resources not already well
13 protected by current land use policy, including agricultural soils, forest blocks,
14 habitat connectors of Statewide significance, and headwaters; and

15 (2) equitable, efficient, and effective regulatory or non-regulatory tools
16 to protect these critical natural resources.

17 (c) The Board shall submit the report with the recommended public
18 engagement plan to the House Committee on Environment and the Senate
19 Committee on Natural Resources and Energy.

20 Sec. 9. 2 V.S.A. chapter 32 is added to read:

1 title and, if it is seeking an optional determination of energy compliance, to the
2 Department of Public Service for review and comments related to conformance
3 of the draft plan with section 4352 of this title. The Board shall coordinate
4 with other State agencies and the Community Investment Board and respond
5 within 60 days unless more time is granted by the regional planning
6 commission.

7 (c) The regional planning commission shall hold two or more public
8 hearings within the region after public notice on any proposed plan ~~or~~
9 ~~amendment~~. The minimum number of required public hearings may be
10 specified within the bylaws of the regional planning commission.

11 (d)(1) At least 30 days prior to the first hearing, a copy of the proposed
12 plan ~~or amendment~~, a report documenting conformance with the goals
13 established in section 4302 of this chapter and the plan elements established in
14 section 4348a of this chapter, and a description of any changes to the Regional
15 Future Land Use Map with a request for general comments and for specific
16 comments with respect to the extent to which the plan ~~or amendment~~ is
17 consistent with the goals established in section 4302 of this title, shall be
18 delivered physically or electronically with proof of receipt or sent by certified
19 mail, return receipt requested, to each of the following:

20 * * *

1 (2) At least 30 days prior to the first hearing, the regional planning
2 commission shall provide each of its member municipalities with a written
3 description of map changes within the municipality, a municipality-wide map
4 showing old versus new areas with labels, and information about the new Tier
5 structure under 10 V.S.A. chapter 151, including how to obtain Tier 1A or 1B
6 status, and the process for updating designated area boundaries. The regional
7 planning commission shall, if it is seeking an optional determination of energy
8 compliance, solicit feedback on its enhanced energy plan, including
9 consistency with section 4352 of this chapter and the enhanced energy
10 planning standards.

11 (e) Any of the foregoing bodies, or their representatives, may submit
12 comments on the proposed regional plan ~~or amendment~~ to the regional
13 planning commission, and may appear and be heard in any proceeding with
14 respect to the adoption of the proposed plan ~~or amendment~~.

15 (f) The regional planning commission may make revisions to the proposed
16 plan ~~or amendment~~ at any time not less than 30 days prior to the final public
17 hearing held under this section. If the proposal is changed, a copy of the
18 proposed change shall be delivered physically; electronically with proof of
19 receipt; or by certified mail, return receipt requested, to the chair of the
20 legislative body of each municipality within the region and to any individual or
21 organization requesting a copy at least 30 days prior to the final hearing.

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(h)(1) Within 15 days following adoption, a regional planning commission shall submit its regionally adopted regional plan to the Land Use Review Board for a determination of regional plan compliance with a report documenting conformance with the goals established in section 4302 of this chapter and the plan elements established in section 4348a of this chapter and a description of any changes to the regional plan future land use map. The regional planning commission shall also at this time, if it is seeking an optional determination of energy compliance pursuant to section 4352 of this chapter, submit the plan to the Department of Public Service for review with a description of conformance with the enhanced energy planning standards and with a summary of any comments received during the public hearings.

* * *

(j) Minor amendments to regional plan future land use map. A regional planning commission may submit a request for a minor amendment to boundaries of a future land use area for consideration by the Land Use Review Board with a letter of support from the municipality. The request may only be submitted after an affirmative vote of the municipal legislative body and the regional planning commission board. The Land Use Review Board, after consultation with the Community Investment Board and the regional planning commissions, shall provide guidance about what constitutes a minor

1 amendment. Minor amendments may include any change to a future land use
2 area consisting of fewer than 10 acres. A minor amendment to a future land
3 use area shall not require an amendment to a regional plan and shall be
4 included in the next iteration of the regional plan. The Land Use Review
5 Board may adopt rules to implement this section.

6 * * *

7 (n) Regional plan amendments, non-minor future land use map
8 amendments, and Tier 1B area status requests. Regional plans may be
9 reviewed from time to time and may be amended in the light of new
10 developments and changed conditions affecting the region. Non-minor future
11 land use map amendments shall be processed as part of a regional plan
12 amendment. Tier 1B area status requests may be made separate from the
13 regional plan approval or amendment process.

14 (1) Process.

15 (A) To amend a regional plan, which may include a non-minor future
16 land use map amendment, a regional planning commission shall hold one
17 public hearing. At least 15 days in advance of the hearing, the regional
18 planning commission shall provide notice of the public hearing to parties listed
19 in subdivision (d)(1) of this section and the Land Use Review Board. The
20 public hearing notice shall include a description of changes to the plan

1 including non-minor amendments to future land use maps, or any changes to
2 Tier 1B area status.

3 (B) After adoption of the regional plan amendment, the regional
4 planning commission shall submit a request to the Land Use Review Board for
5 an affirmative determination of regional plan compliance for the regional plan
6 amendment.

7 (C) Stand-alone requests for Tier 1B area status shall be submitted to
8 the Land Use Review Board after the public hearing required under
9 subdivision (A) of this section.

10 (D) The Land Use Review Board shall hold a public hearing within
11 30 days after receiving the request for an affirmative determination of regional
12 plan amendment compliance or approval of Tier 1B area status. The Land Use
13 Review Board shall issue its determination within 30 days after the hearing.

14 (2) Adoption of a regional plan amendment, non-minor future land use
15 map amendment, or Tier 1B area status request or amendment shall not change
16 the expiration date of the regional plan.

17 * * *

18 Sec. 11. 24 V.S.A. § 4348a is amended to read:

19 § 4348a. ELEMENTS OF A REGIONAL PLAN

20 (a) A regional plan shall be consistent with the goals established in section
21 4302 of this title and shall include the following:

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(12) A future land use element, based upon the elements in this section, that sets forth the present and prospective location, amount, intensity, and character of such land uses in relation to the provision of necessary community facilities and services and that consists of a map delineating future land use area boundaries for the land uses in subdivisions (A)–(J) of this subdivision (12) as appropriate and any other special land use category the regional planning commission deems necessary; descriptions of intended future land uses, consistent with the smart growth principles in section 4303 of this chapter; and policies intended to support the implementation of the future land use element using the following land use categories:

(A) Downtown or village centers. These areas are the mixed-use centers bringing together community economic activity and civic assets. They include downtowns, villages, and new town centers previously designated under chapter 76A and downtowns and village centers seeking benefits under the Community Investment Program under section ~~5804~~ 5803 of this title. The downtown or village centers are the traditional ~~and~~ or historic central business and civic centers within planned growth areas, village areas, or may stand alone. Municipalities may have more than one center, including planned new or emerging centers that anchor planned growth or village areas. Village

1 centers are not required to have public water, wastewater, zoning, or
2 subdivision bylaws.

3 (B) Planned growth areas. These areas include the high-density
4 existing settlement and future growth areas with high concentrations of
5 population, housing, and employment in each region and town, as appropriate.
6 They include a mix of historic and nonhistoric commercial, residential, and
7 civic or cultural sites with active streetscapes, supported by land development
8 regulations; public water or wastewater, or both; and multimodal transportation
9 systems. These areas include ~~new town centers, downtowns, village centers,~~
10 growth centers, and neighborhood development areas previously designated
11 under chapter 76A of this title. These areas should generally meet ~~the smart~~
12 ~~growth principles definition in chapter 139 of this title and~~ the following
13 criteria:

14 * * *

15 (iii) The area is generally within walking distance from the
16 municipality's or an adjacent municipality's downtown; or village center; ~~new~~
17 ~~town center, or growth center.~~

18 * * *

19 (vi) The area provides ~~for~~ opportunity for development, infill
20 development, and redevelopment that is needed to meet the regional and

1 municipal housing targets that ~~meets~~ meet the present and future needs of a
2 diversity of social and income groups in the community.

3 (vii) The area is served by planned or existing transportation
4 infrastructure that conforms with “complete streets” principles as described
5 under 19 V.S.A. chapter 24 and establishes pedestrian access directly to the
6 downtown, or village center, ~~or new town center~~. Planned transportation
7 infrastructure includes those investments included in the municipality’s capital
8 improvement program pursuant to section 4430 of this title.

9 (C) Village areas. These areas include the traditional settlement area
10 or a proposed new settlement area, typically composed of a cohesive mix of
11 residential, civic, religious, commercial, ~~and~~ or mixed-use buildings, arranged
12 along a main street and intersecting streets that are within walking distance for
13 residents who live within and surrounding the ~~core~~ downtown center or village
14 center. ~~These areas include existing village center designations and similar~~
15 ~~areas statewide, but this area is larger than the village center designation.~~

16 Village areas shall meet the following criteria:

17 * * *

18 (iv) The municipality has either ~~municipal~~ public water or
19 wastewater. If no public wastewater is available, the area must have soils that
20 are adequate for wastewater disposal.

1 lacks an existing or planned pedestrian connection to the center via a complete
2 street.

3 * * *

4 Sec. 12. 24 V.S.A. § 4303 is amended to read:

5 § 4303. DEFINITIONS

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

8 * * *

9 (43) “Smart growth principles” means growth that:

10 (A) maintains the historic development pattern of compact village
11 and urban centers separated by rural countryside;

12 (B) develops compact mixed-use centers at a scale appropriate for the
13 community and the region;

14 (C) enables choice in modes of transportation;

15 (D) protects the State’s important environmental, natural, and historic
16 features, including natural areas, water quality, scenic resources, and historic
17 sites and districts;

18 (E) serves to strengthen agricultural and forest industries and
19 minimizes conflicts of development with these industries;

20 (F) balances growth with the availability of economic and efficient
21 public utilities and services;

1 (G) supports a diversity of viable businesses in downtowns and
2 villages;

3 (H) provides for housing that meets the needs of a diversity of social
4 and income groups in each community; and

5 (I) reflects a settlement pattern that, at full build-out, is not
6 characterized by:

7 (i) scattered development located outside compact urban and
8 village centers that is excessively land consumptive;

9 (ii) development that limits transportation options, especially for
10 pedestrians;

11 (iii) the fragmentation of farmland and forestland;

12 (iv) development that is not serviced by municipal infrastructure
13 or that requires the extension of municipal infrastructure across undeveloped
14 lands in a manner that would extend service to lands located outside compact
15 village and urban centers; and

16 (v) linear development along well-traveled roads and highways
17 that lacks depth, as measured from the highway.

18 Sec. 13. REGIONAL AND MUNICIPAL PLAN EXTENSIONS

19 Any regional or municipal plan due to expire in 2026 or 2027 shall have its
20 expiration date extended until December 31, 2027.

21 * * * State Community Investment Program * * *

1 Sec. 14. 24 V.S.A. § 5801 is amended to read:

2 § 5801. DEFINITIONS

3 As used in this chapter:

4 * * *

5 (8) “Planned growth area” means an area on the regional plan future
6 land use maps ~~required under section 4348a of this title, which may encompass~~
7 ~~a downtown center or village center on the regional future land use map and~~
8 ~~may be designated as a center or neighborhood, or both~~ meeting the
9 requirements of subdivision 4348a(a)(12)(B) of this title and that may be
10 designated as a neighborhood.

11 * * *

12 (10) “Sprawl repair” means the redevelopment of lands with buildings,
13 traffic and circulation, parking, or other land coverage in a pattern that is
14 consistent with smart growth principles as defined in section 4303 of this title.

15 * * *

16 (12) “~~State Designated Downtown and~~ Center or Village Center” or
17 “designated center” means a ~~contiguous~~ downtown or village ~~a portion of~~
18 ~~which is listed or eligible for listing in the national register of historic places~~
19 ~~area~~ center approved as part of the LURB review of regional plan future land
20 use maps, ~~which may include an approved preexisting designated designated~~

1 ~~downtown, village center, or designated new town center established prior to~~
2 ~~the approval of the regional plan future land use maps.~~

3 (13) ~~“State designated~~ Designated neighborhood” or “neighborhood”
4 means a ~~contiguous geographic~~ village area or planned growth area approved
5 as part of the ~~Land Use Review Board~~ LURB review of regional plan future
6 land use maps that is ~~compact and adjacent and~~ contiguous to a center.

7 * * *

8 (15) “Village area” means an area on the regional plan future land use
9 maps ~~adopted pursuant to section 4348a of this title, which may encompass a~~
10 ~~village center on the regional future land use map~~ meeting the requirements of
11 subdivision 4348a(a)(12)(C) of this title and that may be designated as a
12 neighborhood.

13 Sec. 15. 24 V.S.A. § 5803 is amended to read:

14 § 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

15 (a) Designation established. A regional planning commission may apply to
16 the LURB for approval and designation of all downtown and village centers by
17 submitting the regional plan future land use map adopted by the regional
18 planning commission. ~~The regional plan future land use map shall identify~~
19 ~~downtown centers and village centers as the downtown and village areas~~
20 ~~eligible for designation as centers.~~ The Department and State Board shall
21 provide comments to the LURB and the regional planning commission on

1 areas eligible for center designation as provided ~~under~~ in section 4348 of this
2 ~~chapter~~ title.

3 * * *

4 (c) ~~Exclusions. With the exception for preexisting, nonconforming~~
5 ~~designations approved prior to the establishment of the program under this~~
6 ~~chapter or areas included in the municipal plan for the purposes of relocating a~~
7 ~~municipality's center for flood resiliency purposes, the areas eligible for~~
8 ~~designation benefits upon the LURB's approval of the regional plan future land~~
9 ~~use map for designation as a Center shall not include development that is~~
10 ~~disconnected from a Center and that lacks a pedestrian connection to the~~
11 ~~Center via a complete street. [Repealed.]~~

12 * * *

13 * * * Tax Credits * * *

14 Sec. 16. 32 V.S.A. § 5930bb is amended to read:

15 § 5930bb. ELIGIBILITY AND ADMINISTRATION

16 * * *

17 (c) Application shall be made in accordance with the guidelines set by the
18 State Board. The guidelines shall clearly indicate that only applications
19 located in Step 2 and Step 3 State designated centers or Step 1 centers where a
20 portion of the designated center is listed or eligible for listing in the national
21 register of historic places shall be considered.

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Sec. 17. FORMAL REVIEW OF REGIONAL PLANS; REPORT

On or before January 15, 2027, the Land Use Review Board shall report on whether to repeal 24 V.S.A. § 4476 and if so, recommendations for a replacement framework that would allow entities to request formal review of or appeal of a regional plan or plan amendment. The report shall discuss whether systems exist for this purpose or a new system should be created in statute or rule. The report shall be submitted to the House Committee on Environment and the Senate Committee on Natural Resources and Energy.

* * * Effective Date * * *

Sec. 18. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE