



April 22, 2026

To: House Committee on General and Housing

From: Gwynn Zakov, on behalf of the Vermont Forest Products Association

Re: S.328 (Draft 2.1, 4/9/2026) Sections 2 and 2a (Service-Supported Housing Advisory Council and Use Value Appraisal surcharge study)

Dear Chair and Members of the Committee,

The Vermont Forest Products Association (VFPA) represents loggers, truckers, foresters, sawmills, wood processors, and the landowners whose working forests supply them. We appreciate the Committee's attention to Vermont's housing challenges, and we share the goal of expanding housing for individuals eligible for Medicaid-funded Developmental Disability Services. We write, in a spirit of constructive concern, to ask the Committee to reconsider Section 2a of the House General and Housing draft of S.328. Section 2a directs the newly created Service-Supported Housing Advisory Council to analyze and recommend "a per-acre surcharge on lands enrolled in the Use Value Appraisal (UVA) Program that include a dwelling used as a secondary home" as a funding mechanism for that housing. We do not question the goals, however we question the means the draft proposes to get there, because it directly impacts Vermont's most important working lands program.

Put plainly, this is another attempt to use the UVA (Current Use) program as a redistributive property tax instrument. VFPA and our allies in the working lands community have worked for years to resist similar proposals and we have done so under administrations and legislatures of every political description. The reason is not ideological. The reason is that once Vermont begins to qualify, quantify, or differentiate among UVA enrollees based on *who* the owner is rather than *how* the land is managed, the program loses its anchor. Privately held, healthy, well-managed forest with a long-term horizon is what UVA was built to encourage. That is all the program should be asked to measure.

Current Use was designed to protect the land, not to sort owners. When the Legislature enacted Use Value Appraisal in 1978, it did so to answer a specific problem. Property taxes tied to highest-and-best-use market value were forcing the development of Vermont's farms and forests. The bargain was simple. In exchange for keeping the land in active agricultural or forest production, under a State recognized forest management plan with

associated stewardship, the land would be taxed on what it produces rather than on what it could be sold for as house lots. If the commitment is broken, a ten percent Land Use Change Tax (LUCT) applies. That bargain is the reason Vermont still has roughly 2.5 million acres of open and working land enrolled in UVA, including more than half of all privately owned forestland in the state.

Every major amendment to the program since has refined the same principle. Act 220 in 1984 defined development. Act 262 in 1988 added the farmland category. The 1997 restructuring followed the repeal of the Working Farm Tax Abatement Program. The 2019 shift moved the program to a contingent lien. Act 146 of 2023 created the Reserve Forestland category. In every case, the benefit has followed the land and its management, not the identity of the owner. Section 2a would, for the first time in the program's history, attach a UVA charge to a characteristic of the owner's life rather than the land itself. That is a categorical change, and it deserves to be recognized as such before it is studied as a housing-finance question.

The surcharge does not target what it is described as targeting, and second homes are often an asset to the program. Section 2a contains no residency test. The surcharge could fall on any UVA enrollee whose dwelling on the parcel is used as a secondary home, including Vermonters who keep a family camp in the woods and live primarily in another Vermont town. The draft does not distinguish between an out-of-state investor and a fifth-generation Vermonter who inherited the camp his grandfather built. The tool may not match the target it is being designed for. It is also unclear what counts as "a dwelling used as a secondary home." Does the definition include a seasonal cottage? A hunting camp with no year-round water? A cabin used a few weekends a year? Vermont's enrolled forestland is dotted with these structures, many of which were central to how the parcels came to be kept intact and in management in the first place. A study that proceeds without a clear answer to this question risks a flawed result.

The deeper problem is the assumption behind the surcharge, which is that a secondary home on enrolled land is a policy problem worth taxing. Our experience is frequently the opposite. Owners who maintain a camp or second home on enrolled forestland tend to bring outside capital into private Vermont forest ownership, demand comparatively little in local services, and hold the land across generations rather than turning it over for development. Attracting investment into private working forestland is something Vermont should be doing more of, not less. Taxing the presence of a camp on otherwise well-managed enrolled acreage sends the wrong signal to the landowners we most want to keep engaged.

The surcharge would create a distorted incentive to subdivide working land. Under current law, the two acres surrounding a dwelling on enrolled land are already excluded from UVA and taxed at fair market value. If the Legislature adds a per-acre surcharge on the remaining enrolled acreage whenever the dwelling is a second home, the rational response for many landowners will be to subdivide the forest or farm acreage away from the house

lot so the surcharge attaches to as few acres as possible. There is little incentive today to build a second home on enrolled land in the first place, given the ten percent Land Use Change Tax, and adding a surcharge on top of that only strengthens the case to subdivide out instead. Parcelization and fragmentation are among the most serious long-term threats to Vermont's working forest economy and to the ecological values the State has spent decades trying to protect. The working forest depends on parcels large enough to support a management plan, a timber sale, a skidder, and a landing. Wildlife habitat, water quality, carbon storage, and the connectivity goals embedded in the Vermont Conservation Plan depend on the same thing. A policy that quietly rewards subdivision under the banner of housing affordability works against every one of those goals.

UVA enrollment is a contract, and unilateral mid-term changes warrant an easy exit.

Enrollment in UVA is a contract between the landowner and the State. The landowner agrees to manage the land under a conforming plan, restrict development, and accept a ten percent penalty on withdrawal. In return, the State agrees to tax the land at use value. A per-acre surcharge imposed during the life of an existing enrollment is a material, unilateral change to the terms the landowner originally accepted. If the Committee ultimately pursues any measure along the lines contemplated in Section 2a, VFPA would urge that an "easy out" provision be added. That provision would provide a defined window during which affected owners may withdraw without the Land Use Change Tax. Anything less would amount to changing the deal after the land is committed.

If a study proceeds, the right voices need to be at the table. Section 2 establishes the Service-Supported Housing Advisory Council with representation drawn from the housing, human services, and developmental disability services communities. That is an appropriate roster for the other components of the S.328, but not an appropriate roster to analyze or recommend structural changes to Vermont's most important working lands tax program. The Council has no working forest representation, no farm representation, no private forest landowner representation, and no consulting forester who writes the management plans UVA requires. Technical assistance from the Department of Taxes' Division of Property Valuation and Review, while welcome, does not fill those gaps. If a study of this kind is to proceed, VFPA respectfully suggests that the Commissioner of Forests, Parks and Recreation, the Commissioner of Fish and Wildlife, and the Director of Property Valuation and Review, or their designees, be consulted as part of any analysis under Section 2a. The same goes for working forest landowner, farm, and consulting forester representatives. These are the voices that can tell the Council what a per-acre surcharge on enrolled land would actually mean on the ground.

Recommendation. VFPA's strongly prefers for the Committee to strike Section 2a from the draft. We take no position on Section 2 itself, and we recognize the seriousness and legitimacy of the housing need the Advisory Council is meant to address. If the Committee prefers to retain a study rather than remove it, we ask that the language be amended in three ways. First, the inquiry should be broadened so that it considers funding mechanisms other than a UVA surcharge. Second, the language should require consultation with the

Commissioners of Forests, Parks and Recreation and of Fish and Wildlife, the Director of Property Valuation and Review, and representatives of the working lands community. Third, the study should define the terms it relies on, beginning with what is and is not "a dwelling used as a secondary home," and should include an "easy out" withdrawal window for any enrollees affected by a resulting surcharge. Current Use has served Vermont well for nearly half a century because the Legislature has been careful to keep it focused on the land. We are grateful for that stewardship and ask the Committee to continue it here.

Thank you for your consideration. I am available to answer questions from the Committee at the Committee's convenience.

Respectfully submitted,
Gwynn Zakov Lobbyist on behalf of the Vermont Forest Products Association