



Extending Deadlines for Act 181
Senate Economic Development, Housing, and General Affairs Committee
Senate Natural Resources and Energy Committee
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Thank you for the opportunity to testify today. I am here on behalf of the Vermont Chamber to speak in support of targeted technical extensions and corrections to Act 181 related to the continuation of interim Act 250 exemptions in Tier 1 areas and additional time prior to the implementation of Tier 3 and the Road Rule.

Act 181 represents one of the most significant land use reforms Vermont has undertaken in decades. It reshaped how housing, development, and environmental protection intersect across the state. Bills of this size and complexity are never finished when they pass. They succeed or fail based on how carefully they are implemented.

As Act 181 moves from statute into practice, the Vermont Chamber is increasingly concerned that parts of the rollout are drifting away from what lawmakers intended. That is not unusual with a reform of this scale, but it does mean this is the moment for technical corrections and thoughtful course adjustment.

I want to begin with how we arrived at Act 181, because the legislative intent and the process that produced this law are directly relevant to the implementation issues before you today.

How We Got Here and Why Process Matters

In the summer of 2023 I participated in the Necessary Updates to Act 250 study. That process convened a wide range of stakeholders including environmental advocates, municipalities, regional planning commissions, housing organizations, state agencies, and the business community.

At the outset, the then Chair of the Natural Resources Board made something explicit. This was our report. The outcome rested with the stakeholders in the room. A facilitator reinforced that expectation by pushing us to stay engaged, work through disagreements, and find areas of alignment. It was not an easy process. It required time, trust, and sustained participation.

What came out of that effort was a tiered land use framework with real stakeholder buy in and a shared belief that Vermont could advance housing production and natural resource protection together.

That commitment carried forward into the legislative process. Many of us spent months in your committee rooms working with you through drafts and questions. In the final weeks of the session, the bill was rewritten multiple times. Stakeholders stayed at the table because Act 181 created a process, not just a policy outcome.

That process intentionally shifted substantial work into implementation and rulemaking, with the understanding that refinement would continue and that transition would take time.

What Act 181 Assumed About Transition

A bill the size and at the level of complexity of Act 181 is a massive undertaking and as more time is spent turning the words on the page into action, it should be expected to require technical clarification and transitional certainty as it is rolled out.

Act 181 relied on interim mechanisms, including temporary Act 250 exemptions, to avoid regulatory gaps while municipalities and regions adapted to new responsibilities. It also assumed that rulemaking would allow for technical refinement, including tailoring Act 250 review in Tier 3 and the road rule to what is necessary to protect relevant natural resources

Those assumptions are now being tested.

Risk One: Housing Stalls if Interim Exemptions Lapse

As implementation begins, we are hearing that many municipalities that could apply for Tier 1A are not doing so. Similarly, many are indicating they will not opt into Tier 1B. The reasons vary, but include uncertainty around administrative capacity, coordination with regional plans, and clarity around review standards.

At the same time, Regional Planning Commissions are navigating significant statutory changes related to future land use mapping, housing targets, and Tier 1B designation processes under Title 24 and 32.

If interim Act 250 exemptions expire before these issues are resolved, Vermont risks creating an immediate regulatory gap. Large scale and rural housing projects, a like currently covered by interim exemptions, would face renewed Act 250 jurisdiction without a clear or functional alternative pathway.

The practical consequence is straightforward with uncertainty hitting the development community and slowing progress. That outcome would directly undermine the core

purpose of Act 181 and conflict with statutory requirements that regional plans provide sufficient opportunity to meet housing targets.

Risk Two: Tier 1 Implementation Drifts from Legislative Intent

There are also emerging concerns about how Tier 1 is being interpreted in practice. Regional Planning Commissions have raised questions about guidance that may result in growth areas being mapped more narrowly, despite clear statutory direction to accommodate a substantial majority of regional housing needs.

I know how much you are all undertaking but I believe these committees would benefit from a focused hearing on Tier 1 implementation. Without interim exemptions extending, housing production could become collateral damage while those questions are sorted out, and the state cannot afford that chance.

Risk Three: Tier 3 Rules Implement Without Alignment or Buy In

A similar risk exists with Tier 3 and the Road Rule.

A central understanding of the Act 181 legislative process was that rulemaking would determine how Act 250 criteria applied in Tier 3 areas. Those legislative conversations explicitly contemplate that the Land Use Review Board may limit applicable criteria and tailor review to protect relevant natural resources

The determination by the Land Use Review Board that such tailoring is not allowable represents a significant departure from what many participants understood to be legislative intent. The strong reaction to the initial Tier 3 draft rule and the determination that the road rule does not need rulemaking reflects that a disconnect exists.

If Tier 3 and the Road Rule move forward without additional time for refinement, Vermont risks implementing a framework that lacks stakeholder support, increases uncertainty, and invites conflict rather than collaboration.

Act 181 worked because stakeholders shared responsibility for the outcome. That same collaborative approach is needed now.

The question before the Legislature is not whether to change the goals of Act 181. It is whether to ensure the transition does not unintentionally undermine them.

Thank you for your time and for your continued engagement on this work.