

S.325- as Passed by House
An act relating to regional planning and Act 250 Tier jurisdiction
Section by Section Summary
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Sec. 1 repeals Act 181, Sec. 19, the road jurisdictional trigger (a.k.a. the road rule).

Sec. 2 repeals Act 181, Sec. 21, the section that created Tier 2 and Tier 3.

Sec. 3 amends Act 181 Sec. 114, the effective date section of Act 181. It strikes out the effective dates of the sections being repealed and changes the effective date for Secs. 12 and 13, which are the sections on the new criterion 8(C) (forest blocks and habitat connectors), from December 31, 2026, to January 1, 2028.

Sec. 4 repeals Act 181, Sec. 22, the Tier 3 rulemaking process section.

Sec. 5 repeals Act 181, Sec. 34, the section requiring the Tier 2 Area Report.

Sec. 6 amends 10 V.S.A. § 6081, the exemption section of Act 250. It amends the interim exemptions for housing to extend them from either January 1 or July 1, 2027, until January 1, 2028. The exemptions are:

- 75 or fewer units in new town centers, growth centers, and neighborhood development areas in the areas with permanent zoning and subdivision bylaws and sewer, water, or appropriate soils.
- 50 or fewer units on 10 acres or less within ¼ mile around village centers with zoning and subdivision bylaws and sewer, water, or appropriate soils or in an urbanized area along a transit route. For this exemption, the bill also adds that to qualify, the housing project, including any land incidental to the use of the housing project such as lawns, parking lots, driveways, leach fields, and accessory buildings, shall be on 10 contiguous acres or less.
- All housing within downtowns with permanent zoning and subdivision bylaws and sewer, water, or appropriate soils.

A Floor amendment also added language that exempts educational, recreational, or social event accessory on-farm businesses from needing an Act 250 permit.

Sec. 7 amends 24 V.S.A. § 4460(g). It adds language clarifying that when a municipal permit is being amended, it needs to add relevant permit conditions from an existing Act 250 permit on the site so that the conditions may be enforced as part of the municipal permit. It also strikes the requirement that towns with Tier 1A area status must enforce preexisting Act 250 permits in the area.

Sec. 8 amends Act 181, Sec. 14, the criterion 8(C) rulemaking provision. It delays the date the rule is due to the Legislative Committee on Administrative Rules (LCAR) until June 15, 2027.

Sec. 9 is a session law section on a public engagement plan. It directs the State Natural Resources Conservation Council with the Vermont Council on Rural Development and the Vermont Association of Conservation Districts to develop a report outlining recommendations for a public engagement plan for issues related to working lands and critical natural resources. The plan is due January 15, 2027. There is an appropriation of \$30,000.00 from the General Fund to the State Natural Resources Conservation Council for the plan.

Sec. 10 creates 2 V.S.A. chapter 32, the Joint Legislative Environmental Oversight Committee. It would oversee the environmental permitting processes of the Land Use Review Board (LURB) and the Agency of Natural Resources (ANR). It would have three members from the House of Representatives and two members from the Senate and be able to meet up to six times per year outside of session. The Committee would cease to exist on July 1, 2029.

Sec. 11 is a session law section requiring the Land Use Review Board to draft multiple reports. The first report on Act 250 jurisdiction over commercial farm activities would be due on November 15, 2026. The next report would look at the mitigation of primary agricultural soils and would be due on July 1, 2027. The third is on the effectiveness of jurisdictional triggers and criterion 9(L) on addressing sprawl and would be due on November 15, 2027.

Sec. 12 amends 24 V.S.A. § 4348, the statute that establishes the procedure for adopting and amending regional plans. It adds that the LURB shall coordinate with the Community Investment Board in addition to State agencies in the review of plans. It then strikes out references to plan amendment and creates a separate procedure for plan amendments. Plan amendments may include non-minor changes to regional plan maps and Tier 1B areas. Plan amendments shall have one public hearing. The regional planning commission (RPC) shall provide notice to required entities at least 15 days in advance. After adoption by the region, the RPC shall submit the amendment to the LURB for approval. The LURB shall hold at least one hearing on the amendment and issue its decision within 30 days. It also adds that if an RPC is seeking an enhanced energy determination, it shall include that as part of the LURB review process (same language in H.940).

Sec. 13 amends 24 V.S.A. § 4348a, the statute that establishes the elements of the regional plans, including the land use categories for the future land use maps. It adds a reference to the smart growth principles. It amends the downtown or village centers category by stating that the centers are traditional *or* historic areas, instead of both traditional and historic. It also adds that municipalities may have more than one center, including planned new or emerging centers that anchor planned growth or village areas.

It amends the planned growth area category to strike out references to designated areas and strike out the reference to the smart growth principles because it is referenced above. It also requires the area to have the opportunity for development, infill development, and redevelopment that is needed to meet the regional and municipal housing targets.

It amends the village area category to strike out that these areas will include existing designated village centers. It also changes the requirement for “municipal” to “public” water or wastewater and adds language that requires the area to support the development of housing to meet the regional and municipal housing targets.

It amends the rural conservation category to strike out the reference to the conservation goals of 10 V.S.A. chapter 89 and the requirement that Tier 3 areas be mapped in these areas.

Sec. 14 amends 24 V.S.A. § 4303, the definition section of chapter 117, the planning and zoning chapter. It adds the definition of “smart growth principles” which also appears in 24 V.S.A. chapter 76A. A Floor amendment added language that reads: (E) serves to strengthen agricultural and forest industries, including homesteading, small-scale agriculture and forestry, and supporting housing, while minimizing conflicts of development with these industries;

Sec. 15 is a session law provision that extends any regional or municipal plan that is expiring this year or in 2027 to December 31, 2027.

Sec. 16 is a session law provision that repeals 24 V.S.A. § 4476 (formal review of regional planning commission decisions).

Sec. 17 amends 24 V.S.A. § 5801, the definition section of chapter 139, the chapter that establishes the Community Investment Program, the successor program to the State Designation Program. It amends multiple definitions. It changes the definition of “planned growth area” to cite the definition in 24 V.S.A. § 4348a. It amends the definition of “sprawl repair” to cite the smart growth principles. It amends the definition of “Designated Downtown and Village Center” to clarify that it refers to a center approved by the LURB. It amends the definition of “State designated neighborhood” to say that it is a village area or planned growth area approved by the LURB. It also amends the definition of “Village Area” to cite 24 V.S.A. § 4348a.

Sec. 18 amends 24 V.S.A. § 5803, the statute that establishes the process for designating Downtown Centers and Village Centers. It strikes out language that requires the regional plan maps to identify downtowns and village centers eligible for designation. It also adds that the Department of Housing and Community Development and the Community Investment Board shall provide comments on the eligible areas as part of the regional plan review by the LURB and the RPC. It strikes out language that is redundant with language in 24 V.S.A. § 4348a about the inclusion of preexisting non-conforming designated areas.

Sec. 19 amends 32 V.S.A. § 5930bb, the eligibility criteria for the Downtown and Village Center Tax Credit Program. It adds language clarifying that the guidance for the tax credits shall make clear that only those areas with areas that are or are eligible to be listed on the National Register of Historic Places.

Sec. 20 creates 24 V.S.A. § 5808, which is part of the Community Investment Program chapter. It adds a requirement for the Community Investment Board to submit an annual report to the General Assembly. It shall include a summary of the Board’s activity for the prior year.

Sec. 21 is a session law provision. It directs the Department of Housing and Community Development to meet with stakeholders and recommend mechanisms for limiting appeals of municipal permits while still allowing for review and report on the impacts of discretionary review of residential development. The report shall also include a status update on the 802 Homes pilot program and data on the housing built under the interim Act 250 exemptions. The report is due on January 15, 2027.

Sec. 22 amends 3 V.S.A. chapter 72, the Environmental Justice (EJ) chapter. It pushes back some of the required deadlines for the State environmental justice work. For the implementation of agency annual spending reports, it delays it one year until January 15, 2029. Next, ANR’s environmental justice rules are delayed 1.5 years until January 1, 2029, and the rules for other agencies are delayed two years until July 1, 2030. It also delays the EJ mapping tool one year until January 1, 2028.

Sec. 23 is the effective date, which is July 1, 2026.