

DRM 2026 LEGISLATIVE SUMMARY



OVERVIEW

The 2026 legislative session may be remembered as the year Vermont began reckoning with the consequences of its recent supermajority era—and with the people most affected by it. In the years leading up to this session, large Democratic majorities passed landmark legislation on education, land use, climate, energy, housing, and social policy. In 2026, several of those signature achievements came back across the counter—not as celebration, but as repair work.

The central story was reversal, retreat, and recalibration. Act 73's education framework had to be rewritten through H.955, with lawmakers backing away from mandatory school district mergers and settling instead on voluntary merger studies, regional service sharing, a delayed funding formula, and interim cost controls. Act 181, once sold as a major land use achievement, returned under even heavier pressure—not simply because lawmakers had second thoughts, but because rural Vermonters organized, showed up, and forced the issue. Opposition to the road rule and Tier 3 became one of the clearest examples of grassroots pressure reshaping the session. It was not just a conservative backlash or a narrow property-rights fight; it reflected deeper anxiety about working landscapes, farm and forest enterprise, generational land transfer, housing, affordability, and whether rural Vermont was being planned around rather than listened to.

The Clean Heat Standard, perhaps the clearest symbol of the gap between policy ambition and public tolerance, remained politically untouchable. Even bills that moved — data privacy, housing, health care, tax conformity, workforce, wastewater, and CTE — were shaped by veto threats, narrowed scope, implementation delays, or conference committee triage.

This was not a Legislature doing nothing. Major bills passed, and some mattered. The budget and yield bill provided short-term property tax relief. Housing, infrastructure, wastewater, primary care, consumer privacy, and career and technical education all advanced. But the larger pattern was unmistakable: lawmakers spent much of the session trying to contain the blast radius of laws passed when votes were easier than implementation.

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That dynamic may also help explain the extraordinary turnover. Close to 40 House members and at least three senators are not seeking reelection, including major institutional players. Retirements are personal, and no one explanation fits every departure. But some lawmakers associated with recent landmark legislation were now facing the harder second half of policymaking: defending it, reopening it, narrowing it, delaying it, or watching pieces of it get taken apart.

Speaker Jill Krowinski's surprise decision not to run again gave the session its defining symbol. Her departure, combined with the broader exodus, makes this feel like more than ordinary turnover. It feels like a political correction. The next Legislature will inherit the same problems — education costs, housing scarcity, climate policy, health care affordability, infrastructure decline, and demographic pressure — but likely with new leaders, weaker assumptions, and less patience for sweeping promises. The era of passing the big bill and figuring out the consequences later is ending.

OUTLINE

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KEY POLICY AREAS (CONT.)

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Notable Bills That Did Not Pass

- H.842 – School Employee Health Care Changes
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- S.7 – Automobile Insurance Reform
- H.525 – Auto Glass Coverage Mandate
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- H.740 – Greenhouse Gas Emissions Reporting
- S.213 – Smart Meters
- H.727 – Data Centers (Vetoed)

Education Reform/Property Taxes

Education reform and property taxes were the defining issues of the 2026 session. Faced with continued property tax pressure, declining enrollment, and growing concerns about affordability, lawmakers revisited major portions of Act 73, the landmark education reform law enacted in 2025. The result was a high-stakes compromise that preserved many of Act 73's long-term goals—including regionalization, a new funding formula, and system-wide restructuring—while modifying some of its most controversial provisions, particularly mandatory school district mergers.

H.955 – Education Transformation

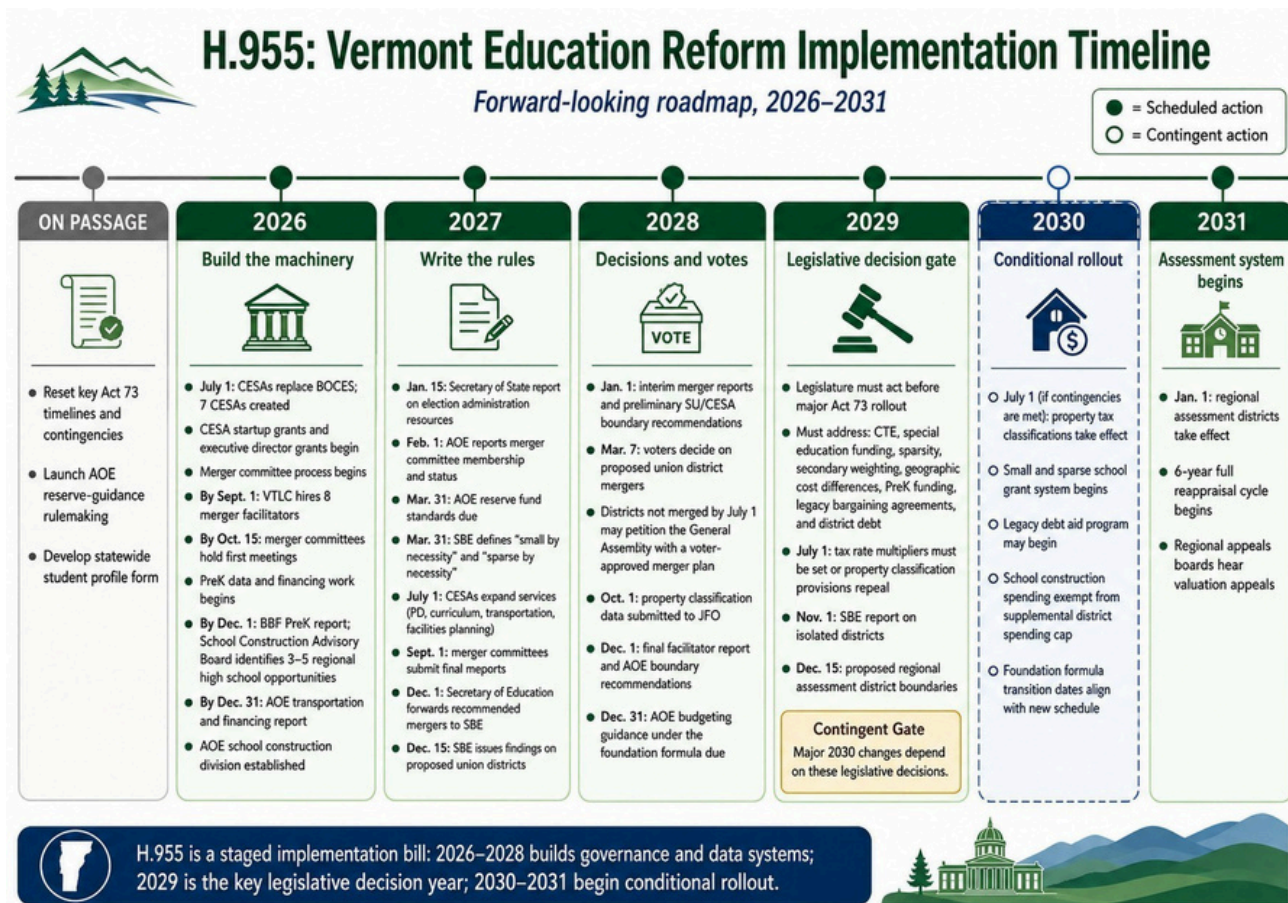
H.955 was the Legislature's flagship education reform bill and the culmination of a year-long debate over the future of Vermont's education system. The legislation revisited major portions of Act 73, which had established a pathway toward a new foundation funding formula, district consolidation, and broader system restructuring. The issue dominated much of the session, with Governor Phil Scott repeatedly signaling that meaningful district consolidation was necessary to earn his support for the broader education package.

The final legislation represents a high-stakes compromise between the Governor and Legislature. Rather than mandating district mergers, H.955 creates seven Cooperative Educational Service Areas (CESAs) to coordinate regional services and requires districts to participate in state-facilitated merger study groups, while leaving any ultimate consolidation decisions to local voters. In exchange for dropping his demand for forced mergers, the Governor secured an accelerated timeline for implementation of the new education funding system and additional spending controls intended to moderate future cost growth.

The bill advances the transition to a new foundation funding formula scheduled to take effect in FY2030, continues the move toward separate tax classifications for homesteads, second homes, and nonresidential property, creates Regional Assessment Districts to standardize property appraisals, and gradually tightens excess-spending thresholds. It also establishes a new framework for statewide school construction planning and financing, including up to \$50 million in annual state bonding authority, state support for certain legacy debt obligations, and incentives tied to regionalization efforts. Additional provisions incorporate Career Technical Education priorities, class-size reforms, tuition and fee guardrails, and long-term facilities planning requirements.

Education Reform/Property Taxes (Cont.)

While H.955 resolved the immediate standoff that threatened the close of the legislative session, it leaves many of the most consequential decisions to future study committees, local votes, rulemaking, and implementation efforts over the next several years.



H.949 – Education Yield Bill

Establishes FY2027 education property tax rates and yields, including a \$100 million one-time property tax buy-down that reduces the average projected increase from roughly 7% to about 3.5%. A major point of negotiation was how to use available surplus funds: Governor Scott and the Senate supported applying the full \$100 million in FY2027, while the House initially favored spreading the relief over two years. The final agreement adopted the Governor/Senate approach. The debate also underscored a growing concern that Vermont has relied on significant one-time revenues to moderate property tax increases for several consecutive years, reinforcing the need for longer-term structural reforms.

Education Reform/Property Taxes (Cont.)

S.313 - Career Technical Education

S.313 positioned Career Technical Education as a central component of Vermont's workforce, equity, and postsecondary-readiness strategy. The bill focused on expanding access through earlier student exposure, reduced transportation and scheduling barriers, more flexible regional delivery models, and funding policies that do not discourage participation. A major practical win was language protecting CTE credits, proficiencies, and grades by requiring sending schools to honor them toward State and local graduation requirements, helping ensure students can fully participate in CTE programs without jeopardizing on-time graduation. The bill also directs additional work on governance, funding, licensing, career navigation, work-based learning, safety standards, and regional delivery models. Many of these priorities were reinforced through broader reforms enacted in H.955.

Property Tax Classifications

H.955's property tax provisions set up, but do not fully implement, major tax changes. The bill establishes a framework for three education property tax classes: homestead, nonhomestead residential, and nonhomestead nonresidential. It requires collection of property classification data in 2028, with tax rate multipliers to be set by the Legislature by July 1, 2029; if that does not happen, the classification system repeals before taking effect. If contingencies are met, the classifications would take effect in 2030. H.955 also creates regional assessment districts beginning in 2031, requiring municipalities to complete full reappraisals every six years, with the State paying part of reappraisal costs. The overall tax impact remains uncertain because it depends on future legislative decisions, classification multipliers, reappraisal costs, and implementation of the broader education finance formula.

School Construction State Aid in H.955

H.955 reestablishes a state-supported school construction aid program for the first time since the 2007 moratorium, creating a framework for the State to provide assistance for future school construction, renovation, and capital improvement projects. The bill directs the Agency of Education to develop rules governing project eligibility, prioritization, and aid awards, with consideration given to factors such as educational opportunity, facility condition, enrollment trends, governance structures, and whether districts are deemed to be participating in good faith in regional governance and consolidation discussions. School construction costs would be exempt from the supplemental district spending cap, and districts would only submit debt-service spending for supplemental spending calculations at the time indebtedness is initially authorized, potentially making large capital projects more feasible for districts.

Education Reform/Property Taxes (Cont.)

The bill also creates a potential legacy debt aid program for districts carrying qualifying preexisting construction and renovation debt. If specified contingencies are met and annual appropriations are provided, eligible districts could receive State aid equal to 75 percent of debt service costs, subject to a statewide annual cap of \$46 million. The fiscal and policy implications of this provision remain uncertain. While legacy debt aid may not increase overall Education Fund spending, it could significantly redistribute education tax burdens among taxpayers depending on which districts hold qualifying debt and how the program is ultimately implemented.

Significant questions remain regarding timing. Districts facing urgent facility needs—such as failing roofs, boilers, or other critical infrastructure—may still seek voter approval for bonds in 2026 and 2027. However, districts generally cannot receive school construction aid until the Secretary of Education determines and communicates the amount of State support available. Because Agency rules are not due until March 2028 and additional implementation, review, and funding decisions must follow, districts may not know the value of available State aid until 2029 or later. This creates uncertainty for districts considering near-term bond votes, as communities may be asked to make major capital decisions before the new construction aid program is fully operational and available funding levels are known.

H.542 - PCB Testing in Schools

Vermont's school PCB testing program was created in 2021 after elevated levels of polychlorinated biphenyls (PCBs) were discovered in Burlington schools. The program requires indoor air testing in schools built or renovated before 1980 based on concerns that PCB-containing building materials could expose students and staff to harmful chemicals. As testing progressed, costs increased significantly, prompting concerns about the affordability and practicality of testing every eligible school in the state.

H.542 preserves the testing program but extends the deadline for completion to 2035, substantially slowing the pace of required testing. The bill creates a PCB Testing and Remediation Special Fund to support future testing and cleanup efforts, including potential proceeds from litigation against PCB manufacturers. It also links the program to the new school construction aid system established in H.955 by requiring covered schools to complete PCB testing before becoming eligible for construction aid. ANR estimates that 171 schools built or renovated before 1980 have not yet been tested. The legislation represents a compromise between those seeking to reduce program costs and those advocating for continued statewide testing and remediation efforts.

Education Reform/Property Taxes (Cont.)

H.931 - Miscellaneous Education Items

H.931 makes a variety of technical and policy changes to Vermont education law. It clarifies that the moratorium on approving new independent schools does not prevent ownership changes for existing approved therapeutic schools, provided they continue operating as therapeutic schools. The bill also authorizes Vermont's participation in the Interstate Compact for Education and strengthens background-check requirements for Agency of Education employees and contractors who may have unsupervised contact with students.

The legislation further revises the Intercollegiate Sexual Harm Prevention Council and restructures the Advisory Council on Harassment, Hazing, and Bullying Prevention, expanding membership, reporting requirements, and opportunities for student and community input. Additional provisions broaden the scope of eligible projects under school energy performance contracting statutes.

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FY2027 Budget – H.951, the “Big Bill”

The Legislature’s FY2027 budget, H.951, appropriates \$9.38 billion across all funds, including \$2.57 billion in General Fund spending, a 2.9 percent increase over FY2026. The budget fully funds statutory reserves and pension obligations while making targeted investments in health care, human services, housing, education, public safety, and environmental programs. It also includes a one-time \$100.9 million transfer to the Education Fund for property tax relief.

Lawmakers framed the budget as an effort to hold overall spending growth in check while responding to continued pressure in Medicaid, homelessness, mental health, housing, workforce, and education. The budget does not represent a major expansion of state government, but it does continue to rely on one-time resources to address immediate needs and soften pressure on property taxpayers.

Major one-time appropriations include:

Health Care and Human Services

- \$21.18 million for homelessness response initiatives under H.938.
- \$3.7 million for enhanced primary care provider reimbursement rates.
- \$3.5 million for grants to organizations providing public benefit assistance.
- \$1.21 million for health care provider stabilization grants.
- \$1.1 million for Meals on Wheels.
- \$300,000 in state funds, plus \$2.7 million in federal funds, for Medicaid-related IT updates.

Housing

- \$4 million one-time increase for the renter rebate program.
- \$1 million for the Rent Arrears Assistance Fund.
- \$800,000 for the Manufactured Home Improvement and Repair Program.
- \$235,000 to expand HomeShare Vermont.

Economic Development, Agriculture, and Infrastructure

- \$2 million for business relocation and expansion grants. (RIDP)
- \$1.35 million for Northeast Kingdom flood-damage repairs not eligible for FEMA assistance.
- \$600,000 for Vermont State Colleges housing transformation projects.
- \$350,000 for NOFA Vermont food access programs and \$250,000 for Vermont Foodbank’s Vermonters Feeding Vermonters program.
- \$200,000 for VOREC outdoor recreation grants.

FY2027 Budget – H.951, the “Big Bill” (Cont.)

Education and Higher Education

- \$10 million General Fund and \$2 million from the Higher Education Endowment Trust Fund for the University of Vermont’s Multi-Purpose Center project.
- \$2.32 million for Freedom and Unity Scholarships and expanded income eligibility.
- \$700,000 for the Read Vermont literacy program.
- Funding to implement education transformation initiatives associated with H.955.

Government and Elections

- \$590,000 for election administration, local civic journalism awards, and community radio support.
- \$150,000 for the Volunteer Income Tax Assistance program.
- \$110,000 to continue the IDEAL program within the Office of Racial Equity for one additional year.

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Housing, Land Use and Permitting

Housing and land use policy centered on the Legislature's reassessment of Act 181 and its continued effort to increase housing production. Under pressure, lawmakers rolled back several controversial Act 250 provisions, preserved the core Tier 1A and Tier 1B growth-area framework, and expanded financing, infrastructure, and planning tools intended to support new housing.

S.325 – Act 250 / Act 181 Reforms and Rollbacks

The Legislature revisited several major provisions of Act 181 less than two years after enactment, reflecting growing concerns from municipalities, landowners, farmers, and rural communities about the practical impacts of the state's sweeping land-use reforms. S.325 repeals the controversial "road rule," eliminates the planned Tier 3 designation process, and narrows eligibility for certain housing exemptions. The bill preserves the temporary Act 250 housing exemptions through 2028, but rejects proposals to extend those exemptions through 2030. The bill also streamlines regional planning processes, creates a new Joint Legislative Environmental Oversight Committee, and directs additional study of natural resource protections, agricultural impacts, and Act 250's role in commercial development.

Coming only two years after passage of Act 181, the legislation represents a significant course correction in Vermont's approach to land-use regulation. Lawmakers retained Act 181's core strategy of directing housing and development toward designated growth areas through the Tier 1A and Tier 1B framework, but scaled back several of the law's most controversial provisions in response to sustained pushback from rural communities, local officials, farmers, and property owners. The bill stands as one of the clearest examples of the Legislature's broader 2026 reassessment of major policies enacted during the previous supermajority era.

S.328 / H.775 – Housing Production and Development Tools

Much of the Legislature's housing agenda ultimately converged into S.328, which incorporated many of the concepts that had previously advanced through H.775. The legislation expands housing financing and infrastructure tools, including increasing the State Treasurer's "10% for Vermont" investment authority from 10 percent to 12.5 percent of available funds, creating additional capacity for state-supported loans and investments in housing and related infrastructure projects. The bill also expands VEDA's ability to finance certain housing projects, authorizes special assessment bonds, and extends down payment assistance programs.

Housing, Land Use and Permitting (Cont.)

S.328 further creates an Off-Site Construction Accelerator Pilot Program to encourage the use of modular, panelized, and other factory-built housing methods intended to reduce construction costs, address labor shortages, and speed project delivery. The bill allows VHIP grants to be distributed upfront and includes additional provisions supporting manufactured housing, common interest communities, and service-supported housing.

The legislation also continues the state's shift toward greater housing accountability at the local level. Municipal plans must more explicitly identify housing needs, barriers to development, and progress toward meeting regional housing targets. Together, the reforms reflect the Legislature's continued effort to increase housing production through a combination of financing, infrastructure investment, alternative construction methods, and local planning reforms.

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Environmental & Natural Resources

Environmental policy was shaped by implementation fights rather than sweeping new mandates. Lawmakers debated wetlands regulation, water quality, building energy codes, and the fallout from recent executive and legislative actions, reflecting continued tension between environmental protection, housing development, rural land use, and regulatory predictability.

H.718 – Building Energy Code Reform. H.718 generated significant debate over Vermont's building energy code framework and whether the state should adopt a statewide residential building code. While the bill proposed changes to code governance and compliance efforts, many builders, architects, and code officials argued it failed to address the underlying challenge that Vermont lacks a basic residential code and meaningful enforcement framework. As a result, many industry stakeholders viewed the bill as an incremental or "half-measure" approach to a larger structural problem. The bill ultimately did not pass before adjournment, leaving these issues unresolved.

Executive Order 06-25. Building Energy Codes, and Wetlands Implementation - Governor Phil Scott's September 2025 Executive Order 06-25 remained a major focus throughout the session. The order delayed implementation of updated RBES and CBES standards through December 31, 2027 and modified wetlands implementation by reducing certain mapped buffer requirements from 50 feet to 25 feet and allowing greater reliance on mapped wetlands in designated areas. The updated energy code rules ultimately moved forward after LCAR declined to comment, while the proposed wetlands rule received a formal LCAR objection over concerns related to mapping, permitting impacts, implementation timelines, and regulatory clarity. Although LCAR objected to the wetlands rule, the Administration retains authority to proceed, leaving the issue unresolved heading into 2027.

S.223 – Water Quality and Wetlands Policy. S.223 addressed a variety of water quality and regulatory issues, including creation of a Water Quality, Lake Classification, and Antidegradation Study Group. The bill was also the vehicle for extensive debate over wetlands regulation and permitting, including proposals to rely more heavily on state wetland mapping rather than site-specific delineations for certain projects. While those concepts received significant discussion, the final legislation largely deferred major policy changes for future review, leaving many of the broader wetlands implementation debates to continue through rulemaking and future legislative action.

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Healthcare

Health care remained one of the Legislature's most difficult affordability challenges. Lawmakers pursued a range of strategies aimed at improving affordability, strengthening primary care, increasing oversight of hospitals, and laying the groundwork for longer-term system reforms. While several scaled back measures advanced, including accelerated reference-based pricing initiatives and prescription drug affordability efforts, broader structural reforms continued to generate significant debate and remain works in progress.

S.190 – Health Care Reform, GMCB Authority, and Cost Containment

Accelerates implementation of reference-based pricing (RBP), a hospital cost-control strategy first authorized in Act 68 of 2025. The bill requires the Green Mountain Care Board (GMCB) to implement RBP for VEHI plans and Vermont Health Connect Qualified Health Plans before broader statewide implementation. It also establishes a framework to gradually reduce Vermont hospital prices toward national median levels, requires additional reporting on hospital outsourcing, and authorizes pursuit of a federal reinsurance waiver. The Administration has raised concerns that the RBP savings would benefit certain populations rather than all Vermonters.

S.197 – Primary Care Investment and Health System Transformation

Lays the groundwork for future primary care reform by directing state agencies to develop recommendations on primary care spending targets, payment reform, Blueprint for Health expansion, and a potential universal primary care model. The bill's primary policy changes require participating commercial insurers to make Blueprint payments at least equal to Medicaid rates beginning in 2027 and require 60 days' notice before removing prescription drugs from formularies.

S.189 – Hospital Service Elimination requirements

Establishes a formal review and public engagement process before hospitals eliminate essential services such as emergency care, obstetrics, psychiatric services, dialysis, or primary care. Hospitals must notify regulators, provide public notice, hold hearings, and solicit community input before proceeding. The bill does not prohibit service reductions but increases oversight and transparency.

H.577 – Vermont Prescription Drug Discount Program (ArrayRx)

Creates a statewide prescription drug discount card program administered by the State Treasurer. The program allows Vermont to leverage multi-state purchasing arrangements to reduce prescription drug costs and ensures that eligible discounts count toward a participant's deductible and out-of-pocket maximums.

Healthcare (Cont.)

H.582 – Adult Protective Services Modernization

Modernizes Vermont's Adult Protective Services laws by updating definitions, clarifying reporting requirements, improving coordination with professional licensing entities, and refining appeal procedures. The legislation is intended to strengthen oversight and improve responses to abuse, neglect, and exploitation of vulnerable adults.

H.84 – Telehealth, Ambient Documentation, and Patient Consent

Allows telemedicine and telephone health care consultations to be recorded when both the patient and provider consent. Signed by the Governor on April 20, 2026.

H.545 – Immunization Recommendations

Temporarily transfers authority for Vermont's recommended immunization schedules from the federal ACIP process to the Commissioner of Health through July 1, 2031. The bill also updates related vaccine administration, insurance, and pharmacy provisions.

H.583 – Restrictions on the “corporate practice of medicine”

Strengthens Vermont's restrictions on corporate influence over medical decision-making by limiting arrangements that allow non-licensed entities to direct or control clinical care. The bill establishes new requirements for management services organizations (MSOs), ownership structures, disclosures, and enforcement.

H.237 – Prescribing Psychologists

Governor Scott has signed H.237, which creates a pathway for licensed doctoral-level psychologists to obtain a prescribing psychologist specialty certification. To qualify, psychologists must complete advanced postdoctoral training, supervised clinical experience, and certification requirements established by the Board of Psychological Examiners. Prescribing psychologists must maintain a collaborative agreement with a Vermont-licensed psychiatrist, and their authority is limited to mental health medications. Supporters viewed the measure as a way to expand access to mental health care, particularly in underserved areas. The law also requires a report to the Legislature by November 2032 evaluating the program's effectiveness.

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Economic Development

Economic development legislation focused on keeping core business tools in place while addressing the conditions needed for growth: housing, workforce, infrastructure, and access to capital. S.327 carried the main package, including changes to VEGI, RIDP, C-PACE, and related studies, while other bills reinforced the link between economic competitiveness and housing, education, and workforce policy.

S.327 served as the Legislature's primary economic development bill of 2026. The legislation permanently removes the sunset on the Vermont Employment Growth Incentive (VEGI) program, strengthens the Rural Industry Development Program (RIDP), establishes a statewide Commercial Property Assessed Clean Energy (C-PACE) framework, authorizes nickel-rounding for cash transactions, and directs several studies related to business growth, tourism, and workforce development.

- **VEGI**

A major component of S.327 is the permanent authorization of VEGI. Prior law would have sunset the program, creating uncertainty for economic development organizations and employers considering future expansion projects. By eliminating the sunset, lawmakers signaled continued support for performance-based economic incentives while reducing annual program caps. Regional Development Corporations and business advocates viewed the change as an important step in preserving a key economic development tool.

- **RIDP (Rural Industry Development Program)**

S.327 expands the Rural Industry Development Program by increasing potential reimbursement levels to as much as 50 percent of eligible project costs. The legislation also allows certain previously approved projects to access the higher reimbursement level for future expenditures, providing additional flexibility for rural economic development and business expansion projects. The FY2027 budget also includes \$2 million for the program, earmarked for projects in Montpelier and Newport, providing additional support for rural economic development and business expansion.

- **C-PACE**

S.327 establishes Vermont's Commercial Property Assessed Clean Energy (C-PACE) framework, creating a new financing tool for energy efficiency, renewable energy, resiliency, and other qualifying building improvements. The program allows municipalities to create C-PACE districts and enables project costs to be repaid through a property assessment, reducing upfront capital barriers and encouraging private investment in commercial, industrial, agricultural, and multifamily properties.

Economic Development (Cont.)

Although several of the measures below are covered in greater detail elsewhere in this report, they are highlighted here because of their direct implications for economic development, workforce growth, housing availability, and business competitiveness:

S.313 – Career Technical Education Transformation. While primarily an education initiative, S.313 was driven largely by workforce development goals. Many of its provisions were ultimately incorporated into H.955, including efforts to expand access to Career Technical Education, reduce barriers to participation, strengthen alignment with workforce needs, and ensure CTE coursework is fully integrated into students' educational pathways.

S.328 – Housing and Community Development. Although principally a housing bill, S.328 included several provisions intended to support economic growth and workforce attraction. The legislation expands financing tools for housing development, creates an Off-Site Construction Accelerator Pilot, broadens certain housing financing authorities, and seeks to increase housing production to address one of the state's most significant economic development challenges.

H.757 – Economic and Community Development. H.757 makes a variety of technical and programmatic updates to existing economic and community development programs. While not a major policy overhaul, the bill reflects the Legislature's ongoing efforts to refine economic development tools and support community revitalization initiatives.

H.951 – FY2027 Budget. The FY2027 budget maintained funding for several programs important to Vermont's business community, including the Vermont Small Business Development Center, Small Business Law Center, and Rural Industry Development Program. The budget also continued investments in workforce, housing, and community development initiatives that policymakers increasingly view as essential to the state's long-term economic competitiveness.

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Data Privacy, Technology and AI

Few issues generated more debate during the 2025-2026 biennium than data privacy and artificial intelligence. After extensive negotiations, lawmakers adopted new consumer privacy protections, expanded oversight of data brokers, and established guardrails for emerging technologies. The final package reflects a compromise between advocates seeking stronger privacy rights and business groups concerned Vermont could become a regulatory outlier, resulting in frameworks generally aligned with neighboring states and existing federal laws.

S.71 – Vermont Data Privacy and Online Surveillance Act

After two years of debate, S.71 establishes Vermont's first comprehensive consumer data privacy law. The bill grants consumers rights to access, correct, delete, and obtain copies of personal data, as well as opt out of targeted advertising, data sales, and certain automated profiling activities. It also requires businesses subject to the law to provide privacy notices, obtain consent for certain uses of sensitive data, honor universal opt-out mechanisms, conduct data protection assessments, and maintain reasonable security practices.

The final version moved substantially from earlier proposals and more closely aligns Vermont with privacy frameworks adopted in neighboring states. The law includes exemptions for insurers, financial institutions, HIPAA-regulated entities, educational records, employment data, and other federally regulated information. Enforcement authority rests exclusively with the Attorney General, with no private right of action. The law takes effect January 1, 2028, with a temporary cure period through June 2029.

H.211 – Data Broker Regulation

H.211 significantly expands Vermont's regulation of data brokers. The bill broadens the definition of both "data broker" and "brokered personal information," increases registration requirements, raises annual registration fees from \$100 to \$900, requires a \$20,000 surety bond, and expands public disclosure requirements regarding the types of personal information brokers collect, sell, and share. Penalties for noncompliance were also strengthened.

The Legislature ultimately rejected a proposed statewide consumer data deletion mechanism and instead directed the Secretary of State to study the feasibility of a California-style deletion system. The bill also incorporates provisions creating an educational technology product registry, while omitting broader AI and chatbot-related provisions that had been proposed earlier in the process.

Data Privacy, Technology and AI (Cont.)

H.211 / H.650 EdTech Registry

Vermont's educational technology registry began as H.650, a stand-alone bill that would have created what was widely described as a likely first-in-the-nation statewide edtech certification and registry system. As the bill moved through the Senate, the certification requirement was dropped and replaced with a registry coupled with a proposed two-year moratorium on AI chatbots in schools, subject to school-level exemptions. By the end of the session, the chatbot moratorium had also been removed, leaving only the registry provisions, which were ultimately folded into H.211, the broader data broker and privacy bill.

The final bill defines an educational technology product as software, applications, or platforms used for teaching and learning that may collect, process, or transmit student data, while expressly excluding hardware and products being used in a school without the provider's knowledge. Providers must register with the Secretary of State and disclose information about their products, privacy policies, school customers, and compliance with state and federal student privacy laws. The registry provisions take effect July 1, 2026, with implementation work beginning immediately thereafter by Secretary of State. The legislation reflects a broader national reckoning over educational technology, student data privacy, AI, and digital learning tools. Legislators and stakeholders have already indicated that an informal interim working group will continue discussions on these issues, and additional legislation addressing educational technology and AI in schools is expected next session.

H.639 – Genetic Data Privacy Act

H.639 establishes privacy protections for consumers using direct-to-consumer genetic testing services. The bill requires consumer consent for various uses of genetic information, provides rights related to access and deletion of genetic data, and imposes security and transparency requirements on covered companies. The final bill includes a pre-suit cure process allowing companies an opportunity to address alleged violations before litigation may proceed.

H.814 – Neurological Rights and Artificial Intelligence

H.814 establishes a statement of neurological rights in Vermont law, including protections related to neural data privacy, freedom of thought, and protection from unauthorized neurotechnological interventions. The bill also extends the Artificial Intelligence Advisory Council through 2030 and directs further study of AI applications in health care, education, insurance, human services, and government operations.

Data Privacy, Technology and AI (Cont.)

H.816 – Artificial Intelligence and Mental Health Services

H.816 prohibits AI systems from independently providing mental health treatment, counseling, or therapeutic services without the involvement of a qualified mental health professional. Licensed providers may continue to use AI-assisted tools if they remain responsible for reviewing and approving services provided to patients. The bill also directs regulators to recommend future standards governing AI use within licensed professions.

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Telecommunications, Utilities & Infrastructure

Lawmakers focused on rising electric demand, ratepayer protection, renewable energy siting, data centers, broadband access, copper network retirement, and telecommunications taxes. Targeted energy measures advanced, but broader data center and telecom proposals largely failed, leaving many infrastructure questions for future sessions.

Regulated Utilities/Energy

S.202 – Plug-In Solar

S.202 establishes a framework for "plug-in solar" systems—small solar generation units that can be connected to a standard electrical outlet and used by homeowners and, in some cases, renters and apartment residents who may be unable to install traditional rooftop solar. The bill allows qualifying systems to be installed without a Certificate of Public Good from the Public Utility Commission, provided they comply with nationally recognized UL and IEEE safety and technical standards governing equipment performance, anti-islanding protections, and grid safety. Consistent with UL 3700 requirements, systems must be connected to a dedicated electrical circuit. Supporters argued the bill expands access to solar generation while relying on established standards to protect utility workers, customers, and the electric grid.

H.710 – Solar Siting and Decommissioning

H.710 addresses the siting and lifecycle management of solar projects by clarifying how the Public Utility Commission should determine when multiple installations constitute a single "plant" for permitting purposes and by establishing guidelines for project co-location. The bill seeks to prevent larger projects from being divided into smaller facilities to avoid regulatory requirements while providing greater certainty for developers, municipalities, and regulators. It also establishes new decommissioning funding requirements to ensure resources are available for facility removal and site restoration at the end of a project's useful life and requires additional reporting on decommissioning practices. The Committee of Conference added a study examining the relationship between solar development and Vermont's prime agricultural soils, reflecting ongoing concerns about balancing renewable energy development with farmland protection.

Regional Renewable Energy Market Report

The FY2027 budget directs the Public Utility Commission to report by January 2027 on projected regional renewable energy market conditions and the cost and availability of new renewable electric generation resources between 2027 and 2035. In preparing the

Telecommunications, Utilities & Infrastructure (Cont.)

report, the Commission will solicit input from utilities, renewable energy developers, regional transmission organizations, consumer advocates, and other stakeholders. The study reflects growing legislative interest in the availability and cost of future clean energy resources as electricity demand continues to increase.

Clean Heat Standard

The Clean Heat Standard effectively collapsed during the 2025-2026 biennium after becoming one of the most politically contentious policies enacted by the Legislature's former supermajority. Originally adopted over Governor Scott's veto in 2023, the program was intended to reduce emissions from fossil-fuel heating through a complex clean heat credit system. However, after the Public Utility Commission concluded the program was not well suited to Vermont and raised concerns about implementation challenges, costs, and impacts on fuel consumers, lawmakers abandoned efforts to move it forward. By 2026, the Senate voted to repeal the framework entirely, marking a dramatic reversal and signaling a broader shift away from complex regulatory mandates toward more practical and politically sustainable approaches to climate policy.

Data Centers

H.727 - Regulating Data Centers

H.727, the Sustainable Data Centers Act, was developed in response to growing concerns about the impacts of AI-driven data centers on electric grids, water resources, land use, and utility rates. As passed by the House, the bill established a regulatory framework for large data centers, generally those with loads of 20 megawatts or greater, requiring them to bear their own infrastructure costs and protecting existing ratepayers from subsidizing new development. The Senate retained those core provisions while adding environmental and energy planning requirements related to water use, energy procurement, and impacts on Vermont's climate and clean-energy goals.

Governor Scott vetoed the bill, arguing Vermont already possessed adequate regulatory authority and that the Senate amendments could discourage future investment. The House failed to override the veto.

Telecommunications, Utilities & Infrastructure (Cont.)

Telecommunications | Broadband

Several telecommunications proposals were considered during the 2026 session but did not advance. These included legislation addressing broadband affordability (H.121), broadband consumer protections (H.11), and the retirement of legacy copper telephone networks as providers continue transitioning to fiber and other technologies (H.898). While none of these measures became law, the issues they sought to address—including internet affordability, consumer rights, and the modernization of Vermont's communications infrastructure—are likely to remain topics of future legislative and regulatory discussion.

Telecommunications Property Tax

Telecommunications providers continued to raise concerns regarding Vermont's new methodology for valuing and taxing communications infrastructure. Industry representatives argued that the transition away from the traditional net book value approach could increase tax burdens on broadband networks and potentially discourage future investment. Providers also expressed concerns about competitiveness with neighboring states and the long-term impact on network expansion. No significant legislative changes to the valuation system were enacted during the 2026 session.

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Taxation/Fiscal Policy

Tax policy focused on federal conformity, transportation funding, housing incentives, local finance, and revenue stability. Lawmakers used the annual tax bill to preserve revenue, expand targeted economic incentives, redirect more transportation-related revenue back to transportation needs, and continue unresolved debates over property taxes, local option taxes, and higher-income tax proposals.

H.933 Miscellaneous Tax Bill

H.933 served as the Legislature's annual tax omnibus bill and included a number of significant tax policy and revenue provisions. The bill updated Vermont's tax code to reflect recent federal changes while continuing Vermont's selective decoupling from certain federal business tax provisions. Larger businesses (generally those with more than approximately \$31 million in annual receipts) will continue to spread certain deductions—including bonus depreciation and research and development expenses—over multiple years for Vermont tax purposes, preserving significant state revenue while exempting most smaller businesses.

The legislation also increased Vermont's R&D tax credit from 27% to 75% of the federal credit beginning in tax year 2027 and closed a property transfer tax loophole involving second-home ownership structures. These changes were intended to support in-state innovation while strengthening tax administration and enforcement.

The bill further began reversing earlier revenue shifts that redirected Purchase and Use Tax revenues from the Transportation Fund to the Education Fund. H.933 increases the Transportation Fund's share of Purchase and Use Tax receipts from 66.7% to 73% in FY27 and 79% in FY28, generating an estimated \$10 million in FY27 and approximately \$21 million annually thereafter for transportation needs. Corresponding adjustments to Meals and Rooms Tax allocations were included to largely offset impacts on the Education Fund. Additional provisions included Downtown and Village Center tax credit enhancements, VHFA down-payment assistance tax credits, Burlington Waterfront TIF clarifications, a framework for participation in a new federal scholarship tax credit program, Current Use and grand list administration updates, and authorization of a long-term study of Vermont's tax system.

Wealth Tax and High-Income Tax Proposals (Not Enacted)

Legislators again debated proposals aimed at increasing taxes on higher-income Vermonters and wealthy households, including additional taxes on capital gains, investment income, and high-value assets. Supporters argued that Vermont's ongoing

Taxation/Fiscal Policy (Cont.)

education funding, housing, and affordability challenges require new progressive revenue sources, while opponents warned that such policies could discourage investment, accelerate outmigration, and further undermine the state's economic competitiveness. Although no broad-based wealth tax was enacted, the debate remained a prominent feature of tax policy discussions throughout the session and is likely to continue in future years.

Local Option Taxes

Local option taxes did not see major statewide changes this year, but they remained part of the broader debate over municipal finance and transportation funding. Lawmakers discussed allowing municipalities with an existing 1 percent local option tax to adopt a second 1 percent tax for local transportation infrastructure, using a proposed “50-40-10” split between the municipality, a new municipal transportation fund, and PILOT. Separately, Stowe sought legislative approval for a voter-backed charter change allowing it to increase its local option taxes to 2 percent, but that proposal also did not pass. As property tax pressures continue and municipalities face rising road, infrastructure, public safety, and service costs, more towns may look to local option taxes as one of the few available alternatives for closing budget gaps.

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General Government / General Policy

While much of the session focused on education, housing, and affordability, lawmakers also advanced several measures affecting government administration, public service delivery, elections, and access to basic state services. The bills in this section were not the dominant issues of the year, but they reflect continued legislative attention to regional coordination, reentry barriers, and the practical mechanics of state and local government.

H.762 (Act 96) – County and Regional Governance Study Committee

H.762 extends the work of Vermont's County and Regional Governance Study Committee, allowing additional time to evaluate whether county government or regional governance structures could play a larger role in delivering public services and coordinating regional issues. The legislation postpones the committee's sunset and reporting deadlines to allow further study of governance models, service delivery, and potential efficiencies at the regional level.

S.255 – Windham County Law Enforcement Governance Council Pilot

S.255 establishes a pilot program in Windham County to test a regional approach to law enforcement governance. The bill authorizes the creation of a voluntary Law Enforcement Governance Council through which participating municipalities may coordinate policing and public safety services. Lawmakers viewed the pilot as an opportunity to explore alternative governance structures and potential efficiencies in rural law enforcement delivery before considering broader statewide application.

H.549 – Identification Access for Incarcerated and Detained Individuals

H.549 expands eligibility for certain incarcerated and detained individuals to obtain a State-issued nondriver identification card, replacement driver's license, or replacement learner's permit while still in custody. Supporters argued that access to identification is often a prerequisite for obtaining employment, housing, health care, financial services, and public benefits following release. The legislation was framed as a practical reentry measure intended to reduce barriers to successful reintegration and improve long-term outcomes for justice-involved Vermonters. Governor Scott signed the bill on April 27, 2026.

H.474 (Act 70) – Miscellaneous Changes to Election Law

This was the primary elections bill of the biennium. It made a series of technical and policy changes affecting election administration, campaign finance reporting, nominations, write-in candidacies, recount procedures, and electronic ballot return for certain voters. The legislation also addressed campaign finance disclosure requirements and clarified several provisions identified by election officials during recent election cycles. While largely

General Government / General Policy (Cont.)

administrative in nature, the bill reflects Vermont's continuing effort to refine its election system following the state's transition to universal vote-by-mail and other recent election reforms.

Candidate Disclosure Forms / Ethics Commission and Secretary of State Dispute

The session also revealed a significant implementation failure involving Vermont's candidate financial disclosure forms. Ethics reforms had expanded disclosure requirements, but the State Ethics Commission and Secretary of State's Office disagreed over who was responsible for creating, posting, explaining, and enforcing the form. As the 2026 filing period opened, candidates lacked clear guidance, forcing lawmakers to intervene through S.298. The final bill directed the Ethics Commission to provide the form and candidate guidance, required the Secretary of State to link to those materials, and suspended enforcement and penalties for delinquent candidate disclosure filings through May 30, 2027. The episode became a concrete example of the Legislature imposing new transparency requirements without first making sure the system was ready to administer them.

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Regulatory Affairs

Regulatory legislation addressed a wide range of industry-specific and consumer protection issues, including tobacco, cannabis, hemp, animal welfare, professional licensing, and public health oversight. Many of these bills updated existing regulatory systems to reflect changing markets, enforcement needs, and public expectations.

Tobacco, cannabis and hemp

S.278 – Cannabis Regulatory Updates

S.278 began the session as a broad cannabis policy bill containing numerous proposals affecting retail operations, delivery permits, product limits, local zoning authority, events, licensing, and other aspects of Vermont's regulated cannabis market. However, after extensive revisions in both chambers, many of the bill's more significant provisions were either narrowed substantially or removed entirely before final passage.

The legislation that ultimately passed was comparatively modest in scope. Key provisions include increasing the purchase and possession limit for cannabis flower from one ounce to two ounces, creating a limited pilot program authorizing up to ten retailer-hosted cannabis events annually, granting the Cannabis Control Board civil enforcement authority to collect fines, extending employee licenses from one to two years, and authorizing the Board to extend product registrations for certain low-risk products. The bill also explicitly authorizes cultivator cooperatives, permits the Governor to enter into interstate cannabis compacts if federal law changes, and prohibits residential landlords from banning tenant consumption of edible cannabis products while preserving restrictions on smoking and inhalation.

Several proposals debated throughout the session, including cannabis delivery permits, expanded event opportunities, increased package limits, and additional municipal zoning authority over retail establishments, were ultimately removed from the bill. As a result, S.278 represents an incremental refinement of Vermont's cannabis framework rather than a major policy shift. The bill now awaits action by the Governor and is widely expected to be signed into law.

S.323 – Miscellaneous Agriculture Bill (Hemp and Cannabinoid Regulation)

S.323 served as the Legislature's annual agriculture bill and included a variety of updates affecting agricultural regulation, food systems, animal health, and Agency of Agriculture operations. The legislation also continued Vermont's ongoing effort to address regulation of hemp-derived products and cannabinoids as the marketplace evolves alongside the state's adult-use cannabis system. Lawmakers sought to improve regulatory clarity,

Regulatory Affairs (Cont.)

support consumer protection, and align state oversight with changing federal requirements and market conditions. The bill illustrates the continuing challenge of balancing innovation and economic opportunity within the hemp industry while maintaining consistent regulatory standards across related cannabis and cannabinoid products.

S.198 - Tobacco Regulation

S.198 expands Vermont's regulation of tobacco products, e-cigarettes, nicotine pouches, and other tobacco substitutes by creating new licensing requirements for wholesalers and retailers, increasing penalties and enforcement authority, strengthening restrictions on sales to individuals under 21, and imposing greater penalties and license suspensions for repeat violations. The bill also prohibits direct internet shipments of tobacco and nicotine products to consumers, bans deceptive products designed to resemble candy, beverages, toys, electronics, or other items attractive to minors, and directs studies on future nicotine taxation and modernization of tobacco tax compliance systems.

Veterinary Legislation

H.841 - miscellaneous animal welfare procedures, builds on Vermont's new Division of Animal Welfare, expanded the Director of Animal Welfare's authority, created rulemaking for a certified rabies vaccinator program, required certain shelters, rescue organizations, pet dealers, and importers of domestic pets to register with the Division, and added data-reporting requirements around animal intake and transfers. It also included hot-button provisions around outdoor cats, rabies vaccination, sterilization, dog ownership limits, wolf-hybrid licensing, and oversight of breeders and sellers. The final bill required the Director to report by December 15, 2026 on next steps for a comprehensive animal welfare program, including oversight of dog and cat breeders, sellers, and people owning large numbers of animals.

H.578 - penalties and procedures for animal cruelty offenses, is the enforcement and court-process bill. It expanded and clarified animal-cruelty offenses, including sexual conduct with animals and related visual depictions, strengthened court orders restricting possession or contact with animals, and focused heavily on what happens after animals are seized in cruelty cases. A central issue was cost of care: owners in forfeiture proceedings would post security for food and necessary veterinary care, with hardship-waiver protections, and the money would flow through the Animal Welfare Fund for reimbursement to shelters or custodial caretakers. The final version included interim security amounts and required the Director of Animal Welfare to report by December 1, 2026 with proposed statutory language for future security amounts and payment schedules.

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Human Services/Social Services

Human services legislation this session focused on strengthening Vermont's safety net while continuing to respond to substance use disorder, homelessness, mental health needs, and pressure on community-based providers. Lawmakers advanced targeted measures to improve oversight of recovery housing and directed continued funding toward treatment, recovery, harm reduction, housing supports, and other core human services programs.

S.157 (Act 103) – Recovery Residences

S.157 establishes a statewide framework for the certification and oversight of recovery residences serving individuals recovering from substance use disorder. The legislation directs the Department of Health to recognize certification standards, establishes requirements for participating recovery residences, and creates greater consistency and accountability across Vermont's recovery housing system. Supporters argued that recovery housing plays a critical role in long-term recovery outcomes and that statewide standards would help ensure safe, supportive, and effective recovery environments. The bill reflects the Legislature's continuing focus on strengthening recovery infrastructure as part of Vermont's broader response to substance use disorder and overdose challenges.

H.660 – Human Services Appropriations and Opioid Settlement Funding

H.660 served as the Legislature's primary human services appropriations bill and provided funding across a wide range of programs, including mental health services, substance use disorder treatment, developmental services, housing supports, and community-based health initiatives. The bill also continued the Legislature's effort to deploy opioid settlement funds toward prevention, treatment, recovery, and harm reduction programs consistent with national settlement requirements. Lawmakers focused on balancing immediate service needs with long-term sustainability while expanding investments in recovery services, workforce capacity, housing supports, and overdose prevention efforts. The legislation reflects Vermont's ongoing effort to address substance use disorder through a combination of treatment, recovery, housing, and public health strategies.

H.938 – Vermont Homelessness Response Continuum. H.938 establishes a new Vermont Homelessness Response Continuum to replace the State's heavy reliance on emergency hotel and motel housing with a more structured system of homelessness prevention, shelter services, supportive housing, rental assistance, and case management. The bill creates a tiered framework that prioritizes preventing homelessness, connecting individuals and families to appropriate housing and services, and helping households transition to permanent housing while reducing long-term dependence on emergency shelter programs.

Human Services/Social Services (Cont.)

The legislation sets eligibility standards, creates requirements for coordinated assessments and housing plans, expands shelter and supportive housing options, establishes reporting and accountability measures, and provides funding for shelters, rental assistance, case management, and permanent supportive housing. It also includes protections and accommodations for vulnerable populations, including children, older adults, people with disabilities, and survivors of domestic and sexual violence, while directing the State to develop a more coordinated and sustainable homelessness response system.

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Labor & Workforce

Labor advocates again advanced a broad agenda, including proposals on minimum wage, livable wage standards, overtime, paid leave, employee privacy, extreme heat protections, noncompetes, and unemployment benefits. Those proposals largely did not pass. The only significant labor-related provision enacted was a limited restriction on noncompete agreements for health care providers in S.313, as legislative attention remained focused on education, taxes, housing, and affordability.

S.313 – Career Technical Education and Health Care Provider Noncompetes

Although primarily focused on career technical education, S.313 includes a labor-related provision prohibiting most noncompete agreements for health care providers. Supporters argued the change will improve workforce mobility and help health care employers recruit and retain workers in a competitive labor market. Broader proposals to restrict noncompete agreements for employees generally did not advance. The remainder of the bill focuses on expanding access to career technical education, strengthening career pathways, and developing recommendations for future workforce and education reforms.

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Financial Services, Banking, Insurance

Financial services legislation focused on consumer protection, privacy, regulatory modernization, and emerging financial products. Banks and insurers were especially engaged on data privacy, data broker regulation, coerced debt protections, workers' compensation, merchant cash advances, and insurance coverage mandates, with several broader insurance proposals left unresolved.

H.385 - Coerced Debt

This bill creates protections and legal remedies for victims of coerced debt, including survivors of domestic violence, human trafficking, and abuse of vulnerable adults. Victims may challenge debts incurred through coercion, seek removal of related negative credit information, and access additional protections in debt collection and court proceedings. The coerced debt provisions take effect July 1, 2028.

The bill also authorizes financial institutions to temporarily delay transactions and take other protective actions when they reasonably suspect a customer is being financially exploited.

Institutions acting in good faith under the law receive liability protections, and the Department of Financial Regulation is required to collect data and report on implementation of both provisions. Governor Scott signed the bill on May 20, 2026.

S.71 - Consumer Data Privacy Act

While discussed in greater detail elsewhere in this report, S.71 was closely monitored by banks and insurers because lawmakers ultimately preserved important exemptions for entities and information regulated under the federal Gramm-Leach-Bliley Act (GLBA). As a result, most customer information collected and maintained as part of traditional banking and insurance activities remains outside the scope of the new law, avoiding duplicative privacy and compliance requirements.

H.211 - Data Broker Regulation

H.211 was also closely watched by banks, insurers, and other financial-service providers due to concerns that the bill could inadvertently capture activities related to underwriting, lending, fraud prevention, claims administration, and risk assessment. The final legislation retained exemptions for GLBA-regulated entities and information, helping ensure that financial institutions already subject to comprehensive privacy and security requirements would not face overlapping regulation.

Financial Services, Banking, Insurance (Cont.)

H.648 – Banking, Insurance, and Securities - DFR Housekeeping Bill

H.648 makes a series of technical updates to Vermont financial services laws. The bill updates financial privacy requirements governing the disclosure of customer information, strengthens restrictions on misleading loan and mortgage solicitations, revises lending discrimination and adverse-action notice requirements, and updates reverse mortgage and mortgage escrow account provisions. The legislation also requires submission of certain Community Reinvestment Act reports to DFR, prohibits certain returned-check fees, eliminates cryptocurrency ATMs in Vermont, and establishes a regulatory framework for merchant cash advances, factoring transactions, and other forms of commercial financing.

S.173 (Act 107) – Workers' Compensation and Vocational Rehabilitation

S.173 addresses workers' compensation vocational rehabilitation programs and related administrative processes. The bill seeks to improve return-to-work outcomes for injured employees while updating aspects of the vocational rehabilitation system. Workers' compensation carriers and employers closely monitored the legislation due to its potential impact on claim administration and program costs.

The Legislature also considered several insurance-related proposals that did not pass, including S.7 (underinsured motorist coverage reform), H.525 (mandatory no-deductible auto glass coverage), and H.526 (insurance discounts for drivers completing approved driver safety courses), all reviewed below.

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Other Significant Legislative Actions

Several bills did not fit neatly into the major policy categories but still carried significant policy weight. These included measures addressing event ticketing, contractor fraud, firearms relinquishment procedures and homelessness response.

H.512 – Event Ticketing. Approved by the Governor on May 26, 2026, H.512 regulates Vermont’s event ticketing market to protect consumers, artists, venues, and nonprofit presenters. The law limits ticket resale prices to no more than 110 percent of face value, bans speculative ticket sales by sellers who do not actually possess the tickets, and prohibits deceptive practices such as misleading URLs or false suggestions of affiliation with a venue, performer, or event sponsor. The bill was supported by arts and venue advocates as a way to curb predatory resale practices while preserving fair access to live events.

H.937 is the Judiciary Committee's annual miscellaneous bill, making a variety of updates to court operations, victim services, criminal justice procedures, property law, and estate planning. The bill expands remote access to certain nonconfidential court records for licensed Vermont attorneys, modifies restitution provisions, clarifies rules governing joint property ownership and survivorship interests, preserves creditor protections for certain trust arrangements, and makes numerous technical corrections to judicial procedures.

The bill also incorporates contractor fraud provisions originally passed in S.183, which was later vetoed due to a drafting error. It expands Vermont’s home improvement and land improvement fraud law to cover written and oral contracts, agreements, and change orders, and clarifies that fraud requires knowing misconduct—such as knowingly failing to perform work, refund payments, follow an agreed completion plan, or making false promises or misrepresentations to induce a customer to enter or modify an agreement. The changes strengthen protections against fraudulent contractor practices while helping distinguish criminal fraud from ordinary contract disputes or project failures.

H.606 – Firearms Relinquishment Procedures

H.606 establishes more detailed procedures governing the surrender, storage, transfer, and return of firearms when an individual becomes prohibited from possessing them under Vermont law. The bill primarily addresses individuals subject to Extreme Risk Protection Orders (ERPOs), Relief from Abuse (RFA) orders, and certain mental health-related firearm prohibitions, specifying how firearms must be relinquished, who may take possession of them, how compliance is documented, and the process for their return when the prohibition ends.

Other Significant Legislative Actions (Cont.)

Throughout the session, lawmakers, prosecutors, defense attorneys, law enforcement officials, and victim advocates focused on implementation, enforceability, due process protections, and practical procedures for the lawful return of firearms. The final bill is considerably narrower than the version introduced at the beginning of the session, with a number of broader firearm policy proposals ultimately excluded or moved to separate legislation that did not advance.

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Notable Bills That Did Not Pass

A number of significant proposals advanced or received substantial testimony but did not become law. These bills remain important because many addressed unresolved policy pressures—construction liability, insurance mandates, broadband affordability, early childhood workforce regulation, greenhouse gas reporting, data centers, and health insurance affordability—and several are likely to return in future sessions.

H.842 - School Employee Health Care Changes (Did Not Pass)

H.842 was the primary vehicle for proposals to slow the growth of school employee health benefit costs, though it did not become law. The bill would have phased in a cap on total benefit value, created a single statewide HRA/HSA administrator, broadened Commission membership, expanded arbitration criteria, and allowed arbitrators to issue modified or blended awards rather than choosing one side's final offer. The Vermont School Boards Association (VSBA) framed the proposal as an effort to "bend the curve," not reduce existing benefits.

Supporters pointed to rising health care costs, district-funded HRAs, administrative duplication, and projected savings of nearly \$49 million once fully implemented. The debate reinforced a broader theme of the session: governance reforms alone are unlikely to resolve education affordability challenges without addressing major cost drivers such as employee health benefits. Although the bill did not advance, VSBA successfully elevated the issue throughout the session, including through a Senate floor amendment, and the proposal is likely to return in future years.

H.589 Statute of Repose. (Did Not Pass)

H.589 would have established a six-year statute of repose for claims arising from improvements to real property, limiting the period during which architects, engineers, contractors, and other construction professionals could be sued for alleged design or construction defects. Supporters argued Vermont's lack of a general construction statute of repose increased insurance costs and exposed the industry to indefinite liability long after projects were completed. Opponents raised concerns that the proposal could prevent property owners from pursuing claims involving latent defects that are not discovered until years after construction. The bill received extensive testimony but did not advance. Vermont remains one of the few states without a general construction statute of repose.

S.7 - Automobile Insurance Reform (Did Not Pass)

S.7 would have expanded access to uninsured and underinsured motorist (UI/UIM) coverage by prohibiting offsets for payments received from an at-fault driver's liability policy and would

Notable Bills That Did Not Pass (cont.)

have eliminated insurers' MedPay subrogation rights. Insurers opposed the bill due to concerns about increased claim costs and premium impacts. The bill passed the Senate but was not taken up by the House.

H.525 – Auto Glass Coverage Mandate (Did Not Pass)

H.525 proposed requiring motor vehicle insurance policies with comprehensive coverage to provide windshield and motor vehicle glass replacement without a deductible, including coverage for associated vehicle safety system recalibration. Insurers raised concerns that the proposal would increase claims costs and ultimately result in higher premiums. The bill did not advance.

H.526 – Driver Safety Course Insurance Discounts (Did Not Pass)

H.526 would have required automobile insurers to provide premium discounts to policyholders who complete an approved driver safety course. Supporters argued the proposal would encourage safer driving habits, while insurers questioned whether a mandated discount would accurately reflect actuarial risk. The bill did not advance.

S.206 – Early Childhood Education Workforce Development (Did Not Pass)

S.206 proposed creating a new state licensure system for early childhood educators under the Office of Professional Regulation, including a Vermont Board of Early Childhood Educators and four license categories: Early Childhood Educator I, II, III, and Family Child Care Provider. The bill would have established licensure requirements based on education, training, experience, and continuing education standards for educators working in child care and preschool programs regulated by the Child Development Division, while exempting licensed public-school teachers and certain other programs. It also included transitional licensing pathways and recognition of prior learning and experience to help current educators meet the proposed requirements. The bill generated significant discussion within the early childhood community but did not advance to enactment during the 2026 session.

H.585 – Health Insurance Affordability and Market Reform (Did Not Pass)

The Administration's health care affordability proposal stalled in Senate Finance. The bill would have implemented limited age rating, expanded access to alternative insurance products, modified Blue Cross governance requirements, advanced site-neutral payment reforms, and authorized pursuit of a federal reinsurance program. Reinsurance language was ultimately included in the budget.

Notable Bills That Did Not Pass (cont.)

S.154 – Biomarker Testing Coverage (Did Not Pass)

Originally proposed as a health insurance coverage mandate for biomarker testing, the bill was later reduced to a study of the costs and impacts of such a mandate. Despite funding for the study being included in the budget, the legislation did not advance before adjournment.

H.898 – Copper Network Retirement (Did Not Pass)

H.898 addressed the ongoing retirement of legacy copper telephone networks as providers transition to fiber and other technologies. The bill would have established customer notification requirements and regulatory oversight for the discontinuance of copper-based service. The measure passed the House but did not advance in the Senate. The transition away from copper infrastructure nevertheless continues across Vermont as telecommunications networks are modernized.

H.11 – Broadband Consumer Protection (Did Not Pass)

H.11 proposed state-level broadband consumer protections, including requirements related to service transparency, billing practices, service quality, and customer rights. Supporters argued the bill would provide safeguards similar to those previously addressed at the federal level, while opponents raised concerns about regulatory duplication and potential impacts on broadband investment. The bill did not advance.

H.121 – Broadband Affordability (Did Not Pass)

H.121 focused on broadband affordability and proposed requiring internet service providers to offer a low-cost broadband option for qualifying low-income households, generally at a rate of \$15 per month. The bill was introduced following the expiration of the federal Affordable Connectivity Program (ACP) and reflected concerns about maintaining affordable internet access for vulnerable Vermonters. The proposal did not advance.

H.740 – Greenhouse Gas Emissions Reporting (Did Not Pass)

H.740 did not pass before adjournment. The bill would have authorized the Agency of Natural Resources to develop a greenhouse gas emissions reporting program covering major sources of emissions, including transportation and heating fuel suppliers. The program was intended to improve Vermont's emissions inventory by collecting more detailed fuel sales data by sector and geographic area while protecting individual consumer identities. The bill also would have appropriated \$300,000 to establish the reporting database and repealed the Clean Heat Standard. Although the measure advanced late in the session, it ran out of time and did not receive final passage.

Notable Bills That Did Not Pass (cont.)

S.213 – Smart Meters (Did Not Pass)

S.213 would have established a statewide right for water utility customers to opt out of smart meters (advanced metering infrastructure devices), while preserving the existing opt-out right for electric utility customers and allowing electric utilities to recover reasonable costs associated with providing and manually reading alternative meters through rates approved by the Public Utility Commission. The bill passed the Senate and was extensively considered by the House Energy and Digital Infrastructure Committee but did not reach final passage before adjournment.

H.753 – Utility Disconnect Protections (Did Not Pass)

H.753 would have codified existing utility disconnection protections during periods of extreme heat and expanded provisions related to medical documentation used to prevent service disconnections. Although the bill passed the House, Senate Finance ultimately concluded that its objectives could largely be addressed through the Public Utility Commission's existing authority and regulatory processes, and the bill stalled in the Senate before final passage.

H.727 – Data Centers (Did Not Pass)

Legislation establishing a regulatory framework for large AI-driven data centers, including cost-allocation, energy planning, and environmental review requirements, passed the Legislature but was vetoed by Governor Scott; an override attempt failed.

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Your Voice in the Vermont State House

During the 2026 legislative session, our Government and Public Affairs team was on the ground every day—tracking developments, building relationships, and advancing our clients' priorities in a fast-moving policy environment.

With decades of combined experience and a deep understanding of Vermont's legislative and regulatory landscape, our lobbyists deliver strategic, informed advocacy at every stage of the process. From early issue development to final passage, we work closely with legislators, administration officials, and coalition partners to ensure our clients' perspectives are heard and reflected.

Our strength lies in our relationships and insight. We maintain strong connections across the House and Senate, with committee leadership, and throughout the Administration—paired with a collaborative, proactive approach to client communication and coalition-building. Many members of our team have served inside state government, bringing an insider's perspective to navigating complex policy challenges. We approach every issue with focus and commitment—treating our clients' goals as our own.

Industries we serve include:

- Business
- Energy
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- Construction
- Telecommunications
- Education
- Banking
- Insurance
- Healthcare
- Professional Regulation
- Labor & Employment
- Land Use & Development