

VBA Legislative Update – Week 11 March 29, 2025

→ House Passes FY 26 Appropriations Bill

On Friday morning, with tri-partisan support, the House gave final approval to H.493, the FY 26 Appropriations bill. The House passed budget addresses many of the ongoing challenges Vermont faces, including the end of COVID-related federal funding. All statutorily-required reserves are filled, all pension obligations are met, and essential investments in housing, workforce, economic development, human services, and education are made. To develop this budget, the House Committee on Appropriations worked with administration officials, standing committees and many interested stakeholders, including members of the public and legislators. General Fund appropriations total \$2.4 billion. Total appropriations from all funds are \$9.0 billion.

Base Appropriations Include:

- Fully funds the Vermont Housing and Conservation Board (VHCB) at statutory level of \$36.9 million
- Provides \$2.0 million to the Department of Housing and Community Development (DHCD) for the Manufactured Home Improvement and Repair Program (MHIR)
- Adds \$1.6 million to the base budget for the Land Access Opportunity Board
- Provides \$29.7 million for the Housing Opportunity Grant Program (HOP) that assists homeless Vermonters
- Provides a 4.5% rate increase for infant and toddler care in the Child Care Financial Assistance Program (CCFAP) in the Department for Children and Families – Child Development Division (DCF – CDD)
- Provides reimbursement rate increase for Designated Agencies, Specialized Service Agencies, Federally Qualified Health Centers (FQHCs), Home and Community Based Services and nursing homes
- Adds \$360,000 General Fund for alternatives to Emergency Room beds
- Provides a 3% increase to the University of Vermont (UVM), Vermont State Colleges (VSC), and the Vermont Student Assistance Corporation (VSAC)

One-Time General Fund Appropriations Include:

- \$235,000 to the Department of Disabilities, Aging and Independent Living (DAIL) for the HomeShare Program
- \$4.4 million to AHS for Support and Services at Home (SASH) and Blueprint for Health programs
- \$840,000 to the Department of Vermont Health Access (DVHA) for Comprehensive Payment Reform
- \$3.1 million to DVHA for OneCare Primary Care Transition
- \$40,000 to the Department of Health (VDH) for Empty Arms Vermont
- \$300,000 to VDH for Recovery Residences

- \$30.5 million for Emergency Housing
- \$2.0 million in DCF's Office of Economic Opportunity for shelter bed expansion
- \$5.0 million for VHCB housing initiatives
- \$4.1 million for VHIP funding and one position
- \$10.0 million for the Vermont Housing Finance Agency (VHFA) Middle-Income Homeownership Development Program
- \$7.5 million for the VHFA Rental Revolving Loan Fund
- \$5.0 million to VSC for transformation bridge funding
- \$500,000 for the Community College of Vermont (CCV) Tuition Advantage Program
- \$1.5 million to VSAC for Freedom and Unity grants

The bill now heads to the Senate for review.

→ **Will Vermont be Able to Back-fill Federal Budget Cuts?**

The House budget was not built to respond to the increasing likelihood of massive negative revenue impacts from cuts to federal funding. If adjustments or rescissions need to be made after the legislature adjourns, [there is a chance that lawmakers would have to return for a special session](#) to adjust the budget.

Vermont lawmakers are keenly aware that [potential federal budget cuts](#) could significantly impact the state's human service programs. Lawmakers also understand that the state has an affordability crisis and are working hard to avoid any tax increases. However, if federal cuts threaten essential services, a temporary income tax surcharge, reminiscent of the 1991 "Snelling surcharge," is on the minds of lawmakers as a possible necessary step to maintain the social safety net and prevent increased homelessness.

The so-called Snelling surcharge, which raised about \$80 million in 1991, used a temporary tiered income tax surcharge that resulted in Vermont's highest earners paying the most in additional taxes. Although no formal estimates have yet been run, many believe that a similar surcharge on, for example, those with incomes over \$500,000, could raise well over \$200 million. These are the same taxpayers that will be benefitting from federal income (and other) tax cuts.

The Trump administration's actions have already jeopardized approximately \$378 million in federal funding designated for Vermont's broadband, solar, weatherization, and other programs. Vermont's federal delegation is warning that the upcoming budget reconciliation could lead to even more severe cuts, particularly to Medicaid – with cuts up to \$1 billion, which would profoundly affect Vermont.

Federal budget decisions directly influence state fiscal planning. Lawmakers will need to respond. With few tools in the tool box, a temporary, progressive state income tax surcharge could mitigate the financial impact on Vermont and address widening income inequality resulting from deepening federal tax cuts favoring the very wealthy. Stay tuned...

→ **Local Headlines of Note**

- [House and Senate education reform plans diverge as Gov. Phil Scott demands swift action](#)
- [UVM Health Network agrees to tentative settlement with Green Mountain Care Board](#)
- [Final Reading: A US-Canada trade war could pose an existential threat to Vermont's forest economy](#)
- [5 years ago, Covid-19 shuttered the Vermont Statehouse. Then, it opened up the building in new ways.](#)
- [Ways and Means: Experts Say Vermont Legislature's Ethics Disclosures Are Lacking](#)
- [Education Secretary Zoie Saunders Doesn't Seek the Spotlight — but Can't Escape It](#)
- [As standoff over motel program continues, residents grapple with uncertainty](#)

→ **[Proposed Changes to Bottle Redemption System.](#)**

The House Environment committee is considering a bill that would make some major changes to the bottle redemption system. Initially at least, the bill **does not** propose to increase the deposit (remains at \$.05) or to expand application of the law to other beverages.

Under current law, beverages that are subject to the 5-cent container deposit include: beer, wine coolers, other malt beverages, pre-mixed spirits cocktails; carbonated non-alcoholic beverages, including sodas, sparkling waters and juices, and carbonated sports and energy drinks. Liquor containers over 50mL are also subject to a deposit at a rate of 15 cents per container. Unclaimed liquor bottle deposits are retained by the Department of Liquor and Lottery. As of October 1, 2019, all other unclaimed beverage deposits are remitted to the State and deposited in the Clean Water Fund.

[The bill](#) proposes numerous changes to Vermont's beverage container redemption system. Most notably, it restructures the redemption system by requiring beverage container manufacturers and distributors to participate in a newly formed producer responsibility organization (PRO). The PRO would be responsible for creating and implementing a stewardship plan that would manage the beverage container redemption system going forward. The Agency of Natural Resources (ANR) would oversee the organization and verify stewardship plan adherence. Notable provisions in the bill are listed below, in order of effective date:

- On or before January 1, 2026, ANR will accept applications to form a producer responsibility organization. ANR would have authority to compel the creation of a producer responsibility organization or stewardship plan if one isn't created or submitted by that date. ANR would also have authority to bill back oversight costs to the producer responsibility organization.
- On or before October 1, 2026, an approved producer responsibility organization may submit a stewardship plan to ANR for review and approval. Approval would be granted for a five-year period. A stewardship plan shall, at a minimum, meet all of the following requirements (detailed in the law):
 - Convenience of collection. A plan shall ensure that consumers have convenient opportunities to redeem beverage containers.

- o Fair operation and compensation to redemption centers.
- o Education to consumers.
- o Consultation with stakeholders.
- o Reporting
- Beginning on January 15, 2025 and annually thereafter, the Commissioner of Liquor and Lottery shall report to the Secretary of Natural Resources: (1) the amount and tonnage of liquor bottles that the Department of Liquor and Lottery collected in the previous calendar year; and (2) the redemption rate for liquor bottles in the previous calendar year.
- Each beverage container sold or offered for sale in the State that is required to have a deposit shall include a Universal Product Code and barcode. Each distributor shall provide the Universal Product Code and barcode as part of its beverage registration or within 60 days following March 1, 2025, whichever occurs first.
- Beginning on March 1, 2028 and annually thereafter, the producer responsibility organization shall conduct an independent third-party fiscal audit of the program. The fiscal audit shall provide a transparent fiscal analysis of the producer responsibility organization, its expenditures, the number of beverage containers collected, and the amount of unclaimed deposits. The audit shall also provide the redemption rate of beverage containers redeemed in the State. The Secretary shall approve the audit results and the redemption rate of beverage containers included in the audit.

We will discuss this further at our next GAC meeting, Friday, April 4.

→ **Other Updates:**

- Aside from [H.339](#), which makes permanent in law the authority to sell To-Go drinks when accompanied by a food order, we are not expecting any action on alcohol-related legislation this year. H.339 is now in the Senate Economic Development Committee. We do not expect consideration of this bill for a few weeks.
- As previously reported, the Chair of the House Government Operations and Military Affairs, Rep. Birong, has told us that he has no plans this session to take up [H.376](#), a bill that would quintuple the gallonage tax on malt beverages.
- The GAC will be working over the next several months to consider and develop a tiered licensing proposal – for either (or both) a manufacturer’s license or a distributor’s license. One of the goals of a proposal will be to make it easier for small manufacturers to get limited amounts of their product to bars, restaurants and retail outlets. The GAC will look at other state models, seek input from VBA members, and consult with stakeholders.

→ **VBA Bill Report**

VBA BILL REPORT – WEEK 11 MARCH 29, 2025			
Bill	Sponsors	Description	Status

H 24	Rep. Anne Donahue	<p>An Act Relating to Requiring Retail Businesses to Accept Cash</p> <p>This bill proposes to prohibit a retail business from refusing to accept cash payment.</p>	<p>Committees: House Commerce and Economic Development</p> <p>Status: Read first time and referred to the Committee on Commerce and Economic Development (01/09/25)</p>
H 45	Rep. Mary-Katherine Stone; Rep. Tiffany Bluemle; Rep. Abbey Duke; Rep. Barbara Rachelson; Rep. Bram Kleppner; Rep. Kate Logan; Rep. Robert Hooper; Rep. Troy Headrick	<p>An Act Relating to Prohibiting Possession of Firearms on Premises Where Alcohol Is Licensed To Be Served</p> <p>This bill proposes to prohibit possession of firearms on premises where alcohol is licensed to be served and to require that notice of the prohibition be posted at each premises.</p>	<p>Committees: House Judiciary</p> <p>Status: Read first time and referred to the Committee on Judiciary (01/21/25)</p>
H 51	Rep. Lucy Boyden; Rep. Matthew Birong	<p>An Act Relating to Miscellaneous Amendments to The Statutes Governing Alcoholic Beverages</p> <p>This bill proposes to: (1) authorize the holder of a fourth-class license to sell its products to not more than eight additional manufacturers or rectifiers; and (2) authorize manufacturers of malt beverages to acquire a retail shipping license and ship malt beverages to first- and second-class licensees.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/21/25)</p>
H 110	Rep. Lucy Boyden	<p>An Act Relating to A Reciprocity Requirement for Out-of-state Consumer Shipping Licenses</p> <p>This bill proposes to limit the issuance of out-of-state malt beverage consumer shipping licenses to breweries that are located in states that allow Vermont brewers to acquire consumer shipping licenses.</p>	<p>Committees: House Government Operations and Military Affairs</p> <p>Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/28/25)</p>
H 119	Rep. Carolyn Branagan	<p>An Act Relating to The Beverage Container Redemption System</p> <p>This bill proposes to expand the scope of the beverage container redemption system to include cider, hard kombucha, noncarbonated water, and noncarbonated soft drinks. The bill also would increase</p>	<p>Committees: House Environment</p> <p>Status: Read first time and referred to the Committee on Environment (01/29/25)</p>

		the deposit for a container from five cents to 10 cents.	
H 144	Rep. Brian Minier; Bridget Burkhardt; Rep. Emilie Krasnow; Rep. Kate Logan; Rep. Laura Sibilgia; Rep. Leonora Dodge; Rep. Lisa Hango; Rep. Michelle Bos-Lun	An Act Relating to Enhancing Food Allergen Awareness in Food Service Establishments This bill proposes to require owners and operators of food service establishments to designate employees to complete a food allergen training program. It further proposes to require food service establishments to post signage regarding food allergens.	Committees: House Human Services Status: Read first time and referred to the Committee on Human Services (02/05/25)
H 260	Rep. Esme Cole; Rep. Monique Priestley; Rep. Ela Chapin; Herb Olson; Rep. Jubilee McGill; Rep. Kate McCann; Rep. Kate Nugent; Rep. Mary Howard; Robert "Rob" North; VL Coffin	An Act Relating to Prohibiting Certain Substances in Food Manufactured, Sold, Or Distributed in Vermont This bill proposes to prohibit the manufacture, sale, delivery, or distribution in commerce of food containing brominated vegetable oil, potassium bromate, propylparaben, or red dye no. 3.	Committees: House Human Services Status: Read first time and referred to the Committee on Human Services (02/19/25)
H 339	House Committee on Government Operations and Military Affairs	An Act Relating to Removing the Repeal Of 7 V.s.a. § 230 This bill proposes to remove the repeal of 7 V.S.A. § 230 (sale of alcoholic beverages for off-premises consumption).	Committees: Senate Economic Development Housing and General Affairs Committee Status: As Passed the House
H 376	Rep. Kate Nugent; Rep. Brian Cina; Rep. Carol Ode; Rep. Jubilee McGill; Rep. Mari Cordes; Rep. Michelle Bos-Lun; Rep. Monique Priestley; Rep. Phil Pouech; Rep. Troy Headrick	An Act Relating to The Creation Of The Treatment And Recovery Fund And The Labeling And Taxation of Alcoholic Beverages This bill proposes to (1) require all alcoholic beverages sold in the State to bear a label containing a statement of the alcohol content in U.S. Standard Drinks; (2) increase the gallonage taxes on malt beverages and vinous beverages; (3) increase the excise tax on spirits; (4) create the Treatment and Recovery Fund, dedicate the proceeds of the gallonage tax to the Fund, and establish the purposes for which monies from the Fund may be disbursed; and (5) require the Division of Liquor Control t...	Committees: House Government Operations and Military Affairs Status: Read first time and referred to the Committee on Government Operations and Military Affairs (02/26/25)

H 377	Rep. Barbara Rachelson; Rep. Chea Waters Evans	An Act Relating to The Local Media Advertising Tax Credit This bill proposes to create an income tax credit for small businesses that purchase advertising in local media outlets.	Committees: House Ways and Means Status: Read first time and referred to the Committee on Ways and Means (02/26/25)
S 88	Sen. Wendy Harrison; Sen. Alison Clarkson; Sen. Anne Watson; Joseph "Joe" Major; Sen. Randolph Brock; Sen. Rebecca White; Robert "Rob" Plunkett	An Act Relating to Creating an Enhanced Growth Incentive For Employee-owned Businesses This bill proposes to create a new enhanced incentive for locally owned and controlled employee-owned businesses within the Vermont Employment Growth Incentive Program (VEGI).	Committees: Senate Economic Development, Housing and General Affairs Status: Read 1st time & referred to Committee on Economic Development, Housing and General Affairs (02/25/25)
S.131	Sen. Phil Baruth	An act relating to approval of an amendment to the charter of the City of Burlington relating to the possession of firearms This bill proposes to approve an amendment to the charter of the City of Burlington to prohibit the possession of firearms in any building or on any real property or parking area under the ownership or control of an establishment licensed to serve alcohol for on- premises consumption.	Committee: Government Operations Status: Read the 1 st time and referred to Committee on Government Operations (03/20/25)