

2026 State Legislative Session Summary (August 2026)



The 2026 legislative session focused primarily on education reform, health care, and housing and homelessness issues, while recognizing ongoing and anticipated pressures on state and federal funding. After months of debate and negotiations among legislators and Governor Scott, lawmakers approved an education reform package aimed at addressing rising school spending and property taxes. Education costs and property tax increases have become a major political issue, with property taxes rising more in recent years.

Education costs were also a central issue in this year's budget bill, which lawmakers sent to the Governor after a conference committee finalized the \$9.4 billion spending package. The budget allocates \$101 million to offset a projected statewide increase in property taxes for the new fiscal year, resulting in an average 3.5% rise in education tax bills. The move marks another year in which the state has used surplus revenue to soften property tax increases.

Beyond education, legislators completed work on a variety of other policy issues before adjourning. The legislature advanced planning for a universal primary care system, enacted a comprehensive data privacy law, and passed hospital payment reforms aimed at reducing costs. Housing legislation replaced the motel-voucher system with a tiered homelessness response focused on prevention, shelters, services, and permanent housing, while the landlord-tenant bill failed.

Here again are HHAV's [2026 legislative priorities](#). The [2026 Advocacy page](#) contains all the testimony and memos submitted on behalf of members. The list of priorities and where they landed are below:

Act 74 (H.790) FY2026 Budget Adjustment Act

- [Final law](#) as passed by House & Senate and signed by the Governor March 5

Appropriations

- Housing voucher contingency fund. Creates a critical rental assistance contingency fund to mitigate ongoing underfunding from the federal government. Local housing authorities can access the fund to prevent the termination of rental assistance to current housing choice voucher participants. The fund will be administered by VSHA in conjunction with DCF.
- \$1M to the Land Access and Opportunity Board (LAOB) to restore funding for the "Homes for All" pre-development seed grants to entry-level housing developers and Community Resilience Grants.
- \$1.3M for the HOP Financial Assistance grants. This would restore funds to provide critical, flexible financial assistance to help prevent people falling into homelessness or help people get into permanent housing

Act 144 (H.951) FY2027 Budget

- [Final law](#) as passed by House & Senate and signed by the Governor June 16
- [Overview](#) of the one-time appropriations

Appropriations

- Affordable Housing funding. Full statutory funding for VHCB through PTT (\$36.4M).
- \$82.6M to support VT's homelessness response system made up of base, federal and one-time appropriations.
- Expansion of downtown and village tax credit - \$3.5m (base increase)
- First Generation Homebuyer through VHFA - \$100k (one-time)
- Land Use Review Board (LURB) funding to support public engagement - \$100k (S.325 An act relating to regional planning and Act 250 Tier jurisdiction) (one-time)
- End Homelessness Vermont - \$200k (one-time)
- Renter credit (one-time increase; part of yield bill) - \$4m
- Rental arrears through VSHA - \$1m (one-time)
- HomeShare Vermont - \$235k (one-time)
- Manufactured Home Improvement and Repair Program (MHIR) - \$800k (one-time)
- Vermont Housing Improvement Program - \$4m (base)
- Disabilities Housing Coordinator - \$130k (base)
- CVOEO Day Shelter - \$500k (base)
- Benefit assistors (see language [here](#)) - \$3.5m (one-time)
 - [Benefit Assistance Grants Presentation](#)
 - [Benefit Assisters Coalition is Ready to Partner with VT](#)
 - [Benefit Assisters Coalition Proposal to AHS](#)
 - [Benefit Assisters Coalition Proposal Additional Details](#)

Act 143 (H.938) Vermont Homelessness Response Continuum

- [Final law](#) as passed by House and Senate and signed by the Governor June 16
- [Fiscal note](#) (summary of fiscal impact of the bill)
- [Act 143 one-pager](#)

Summary

- This bill creates the Vermont Homelessness Response Continuum. Codifies into state statute
- States four main goals: eliminating unsheltered homelessness, making homelessness rare and brief, reducing dependence on motels and hotels, and creating a coordinated system that moves people toward permanent housing.

- Establishes clear definitions for programs, services, requirements and oversight
- The continuum will be administered by the Office of Economic Opportunity (OEO) with some portions of the continuum being held by the Department of Children and Families (DCF)
- Creates a 4 level system of shelter and services: Prevention/diversion, shelter services (including highly-structured shelters and low-barrier shelters), specialized shelter services (including health care, mental health and substance use disorder services), and hotel/motel use
- Establishes prioritization and household responsibilities (eligibility requirements) for each tier
- Establishes “permanent supportive housing services” that combine long-term rental assistance with voluntary services.
- Establishes a new “Vermont Rental Assistance Bridge Program” administered by VSHA and includes the existing HOME Program
- Sets statewide caps on hotel/motel usage including up to 700 rooms/night from April-November and up to 1,000 rooms/night from December-March as well as a 70-night cap/household on a rolling 12-month basis.
- Provides grants for municipalities with high numbers of unsheltered homelessness
- Establishes “emergency cold-weather shelters” that can be activated when temperatures are forecasted to reach 10°F or lower across most of the state.
- Encourages the merger of the state’s two Continuum of Care (CoC) entities by October 1, 2028
- Establishes interim emergency rulemaking (through August 31, 2026) and must adopt permanent rules by October 1, 2027. Permanent rulemaking must include at least five regional stakeholder hearings and a draft report by April 1, 2027 submitted to the legislative committees of jurisdiction.
- Establishes supportive services and shelters for people experiencing domestic or sexual violence
- Sets clear reporting requirements for how funds were used each fiscal year
- Sets up a payment rate structure report due November 1, 2027 for shelter service providers
- Details specific FY27 expenditures, totaling \$82.6M (included in H.951, FY27 budget bill).

H.772 Landlord-Tenant (*Did not pass*)

The landlord-tenant bill failed in the Senate after a 15-15 tie vote, with Lieutenant Governor Rodgers casting the deciding vote against it. The [House-passed bill](#) intended to address the tensions between landlords and tenants by combining faster eviction procedures for nonpayment of rent and lease violations with new tenant protections, such as longer notice periods for

no-cause lease terminations, limits on security deposits, and restrictions on rent increases. As the bill moved through the Senate, some of the significant eviction-related changes were removed. Tenant advocates argued the bill made it too easy to evict renters, while many landlords believed it did not go far enough to address problems with Vermont's slow and costly eviction process. Additional disputes over provisions involving no-trespass orders, overdose-related protections, and accommodations for disabled tenants further weakened support of the bill. In the end, opposition from both sides created an unusual coalition that defeated the bill, leaving Vermont's landlord-tenant laws unchanged, though legislators are expected to revisit the issue in the future.

Act 179 (S.328) Housing Omnibus

- [Final law](#) as passed by the House & Senate and signed by the Governor June 18
- [Act summary](#)

Summary

- Updates and establishes numerous housing-related provisions and programs
- Establishes a new Service Supported Housing Advisory Council within the Department of Disabilities, Aging and Independent Living (DAIL) to improve coordination of housing and support services for individuals receiving Medicaid-funded developmental disability services. The council will include representatives from the Vermont Housing and Conservation Board (VHCB), DAIL, the Developmental Disabilities Housing Initiative, the Developmental Disabilities Council, and Vermont Care Partners.
- Expands the Vermont Economic Development Authority's (VEDA) authority to participate in financing multiunit housing developments with five or more units when a lender requests joint financing and VEDA coordinates with the Vermont Housing Finance Agency (VHFA). However, VEDA is prohibited from financing projects that primarily serve low- and moderate-income residents when VHFA determines the project falls within its mission, as well as projects already receiving VHFA funding or tax credits.
- Codifies the Rental Housing Revolving Loan Program, administered by VHFA, into statute and removes the previous income floor cap.
- Requires VHCB to report on progress toward the goals identified in the 2021 Farmworker Housing Needs Assessment, with the report due by January 15, 2027.
- Updates the State Treasurer's "10% for Vermont" local investment program by increasing the credit facility to 12.5%
- Establishes an off-site construction accelerator pilot through the State Treasurer's exist local investment credit facility
- Updates the reporting timeline for the Vermont Housing Improvement Program (VHIP)
- Updates special assessment bonds for public improvements

- Updates housing elements in municipal plans
- Updates municipal zoning requirements prohibiting certain provisions limiting housing development
- Asks the Department of Housing & Community Development to report on the impact of corporate home purchases

Act 164 (H.933) Miscellaneous Tax Bill

- [Final law](#) as passed both House & Senate and signed by the Governor June 18
- [Act summary](#)
- [Fiscal note](#)

Summary

- Makes numerous changes to the State's tax laws
- Amends the Vermont State Affordable Housing Tax Credit program by temporarily expanding and extending the Down Payment Assistance program administered by VHFA. In FY27 through FY31, VHFA may award up to \$350k in total first-year credit allocations for loans through the Down Payment Assistance Program
- Provides a one-time \$4M renter credit

Act 152 (S.325) Updates to Act 181 and Act 250

- [Final law](#) as passed the House & Senate and signed by the Governor June 16
- [Act summary](#)

Summary

- Makes significant changes to Act 181 passed in 2024
- The Manufactured Housing Community (MHC) requests we made were not included in the bill
- Repeals the "road rule" Act 250 jurisdictional trigger
- Repeals Tiers 2 and 3 of Act 181
- Extends the deadline for rulemaking
- Extends the Act 250 exemptions for housing construction
- Creates a public engagement plan
- Creates a Joint Environmental Oversight Committee
- Requires the LURB to issue various reports

Revenue Raising Efforts

- HHAV joined the [Fair Share for Vermont](#) campaign to support state revenue raising efforts and policies. Here is a brief summary provided by the campaign
- The campaign supported multiple bills in the 2026 legislative session that would have increased taxes on the wealthiest Vermonters, aiming to recapture a portion of the federal tax cuts given to the wealthiest Vermonters from H.R. 1 at the state level to better mitigate the impacts of federal funding cuts and meet existing needs in Vermont.
- While the policies did not receive immediate consideration, members of the House made a strong public push partway through the 2026 legislative session for the House to consider legislation that would increase taxes on the top 1% of Vermont taxpayers and create a surcharge on unearned (non-wage) income for high-income taxpayers. Together, these policies would generate approximately \$150 million annually in state revenue. Following this action, the House Ways and Means Committee engaged in several weeks of committee discussions on the policies.
- While the legislation ultimately was not passed by the Committee, this session demonstrated increased legislative support and serious consideration of policies to raise revenue from the wealthiest Vermonters in both chambers, and policies to raise progressive revenue have significant momentum moving into the 2026 election cycle and 2027 legislative session.

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