

## VBA Legislative Update – Week 3 January 24, 2026

### → Governor Delivers Annual Budget Address

On Tuesday afternoon, Governor Scott, in his 10th annual Budget Address, unveiled a \$9.4 billion budget for fiscal year 2027, about a 3% increase over the current state budget. He described it as a “disciplined” spending plan focused on core priorities amid tighter financial conditions and shrinking federal funds.

The governor emphasized the need for caution because Vermont is likely to lose hundreds of millions in federal support for programs like Medicaid and other services, making it important to control state spending. Scott proposed using surplus and previously reserved funds — about \$105 million total — to reduce the expected average property tax increase from about 12 % down to roughly 5.5 %.

A significant part of the budget address focused on education funding and reform. Scott signaled his support for a Senate proposal to cap school spending growth in future years and tied his support to structural changes under last year’s education reform law (Act 73).

Other major budget items included in his address included:

- Transportation funding: Scott wants to shift \$10 million in vehicle purchase tax revenue from education to the transportation fund to help address a long-term funding shortfall for roads and bridges.
- Housing and land use: He again proposed changes to Act 250 land-use regulations to spur housing construction and asked for ongoing funding to repair vacant rental housing.
- Emergency shelter and public safety: The budget includes funding for the state’s emergency shelter program and small investments in public safety initiatives like “accountability courts.”

The Governor’s Budget Address sets the stage for negotiations with the Legislature, including potential adjustments and funding changes as House lawmakers begin to craft their own version of the budget for approval.

### → Update on VBA Issues

**VBA Priority Legislation.** The VBA’s priority bill, [H.672 - An act relating to distribution of malt beverages by licensed manufacturers](#), (see also [S.279](#)) will have a hearing next Wednesday morning in the [House Government Operations and Military Affairs Committee](#). Jesse Cronin and Daren Orr will testify on behalf of the VBA.

- As a reminder, this bill would allow malt beverage manufacturers to distribute up to 5000 barrels of malt beverage annually to 1<sup>st</sup> and 2<sup>nd</sup> class establishments.
- The bill will start in the House, the House Government Operations and Military Affairs Committee, and be folded into an omnibus liquor bill.

- The distributors remain *generally* favorable but may be looking to limit the number of barrels or the size of manufacturers that are authorized to self-distribute. The VBA GAC discussed this at our meeting last week. There was general agreement that, **if pushed**, we could drop to between 2500 - 3000 barrels and still accomplish our goals. The committee reasoned that:
  - One of our arguments is that distributors are not interested in small manufacturers. Once a manufacturer is distributing 2500 barrels a year, they are probably going to be an attractive account for a distributor.
  - Self-distributing more than 3000 barrels would be a major lift for a small manufacturer and probably not sustainable.
- **NOW is a good time to contact your local House members to ask them to support H.672. See the Action Alert that Emma sent out on Friday.**

**Updates to the Bottle Bill.** As we have previously reported, the House Environment committee is again considering a bill that would make some major changes to the bottle redemption system. **This is the [same bill](#) that they began working on last year.**

[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.

The goal of the bill is to strengthen Vermont's Beverage Container Deposit program by creating a producer-managed system that increases redemption rates, improves recycling outcomes, and distributes responsibility (and costs) for end-of-life management to those who produce and distribute the containers rather than consumers or local governments.

#### **How the bill works:**

- All manufacturers and distributors of beverage containers sold in Vermont **must participate** in a **producer responsibility organization (PRO)** approved by the Secretary of Natural Resources.
- This PRO would be a central entity that **designs and manages** the statewide collection, redemption, recycling, and reporting system for containers.
- The PRO must submit a **stewardship plan** outlining how it will:
  - Provide **convenient redemption opportunities** across the state (e.g., multiple redemption points per county and in larger towns).
  - Ensure **fair compensation** for redemption centers.
  - Minimize sorting burdens and improve operations.
  - **Educate consumers** about recycling and redemption.
- The bill sets goals for container return rates that increase over time, for example:
  - **75% redemption** by July 1, 2028

- **80% by 2032**
- **85% by 2037**
- **90% by 2042**
- The PRO must report regularly to the state on redemption rates, recycling outcomes, costs, consumer education efforts, and environmental impacts.
- Independent **program and fiscal audits** are required at regular intervals.
- The Secretary of Natural Resources would:
  - Approve the PRO and stewardship plan.
  - Ensure compliance with performance and reporting requirements.
  - Have the authority to *dissolve* the PRO if it fails to meet standards.
- Other Provisions include:
  - The existing deposit refund values (e.g., 5¢ for most and 15¢ for some liquor containers) remain.
  - Manufacturer/distributor compliance starts on a set date after enactment (with full participation required by **March 1, 2027**) – *this date will likely move to 2028*.
  - The bill modernizes labeling requirements and reporting for collected materials.
  - It also includes **antitrust protection** for activities reasonably necessary to implement the program.

A report was done for the Department of Environmental Conservation re: the bottle bill system.

The Executive Summary is [here](#).

The full report is [here](#).

The [bill](#) tracks with Model 2 in the report.

We expect this bill will move this year as the committee has spent a considerable amount of time on this to date.

Matt Chapman, Director of the Waste Management Division at the Department of Environmental Conservation will be joining an upcoming meeting of the GAC to further explain the responsibilities of manufacturers in an EPR program.

#### → Headlines of Note

- [Vermont Border Crossings Are Dropping — But Not All Is Quiet](#)
- [Vermont Is Building an Inventory of State Land for Housing](#)
- [What comes after climate fights? Better numbers, lawmakers say](#)
- [Vermont hires contractor with troubled record in \\$21.5 million deal for new youth residential program](#)
- [Gov. Scott endorses bill that would cap spending for school districts](#)
- [Early numbers show many Vermonters dropping their insurance for 2026](#)
- [Vt. Supreme Court nominee faces scrutiny over Trump-era immigration cases](#)

→ **Bill Report.** Please keep in mind that bills introduced in 2025 are still technically alive and can be taken up for consideration. As bills begin to move, the report format will be updated to indicate bills that are moving.

Bill	Sponsors	Description	Status
<a href="#">H 637</a>	Ian Goodnow; Rep. Martin LaLonde	An Act Relating To Operating A Vehicle Under The Influence Of Alcohol Or Other Substances  This bill proposes to make several changes to the laws concerning operating a vehicle under the influence of alcohol or other substances.	Committees: House Judiciary  Status: Read first time and referred to the Committee on Judiciary (01/09/26)
<a href="#">H 647</a>	Rep. Lucy Boyden	An Act Relating To Vinous Beverage Manufacturers And Fourth-class Licenses  This bill proposes to allow the holder of a fourth-class license to serve customers larger total volumes of alcoholic beverages at a tasting room or retail shop operated by the licensee. This bill also proposes to allow manufacturers of vinous beverages to operate not more than two first-class licensed establishments that are located at the licensed manufacturing facility or on property that is owned by the licensee and contiguous with the parcel of land on which the licensed manufacturing facility...	Committees: House Government Operations and Military Affairs  Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/13/26)
<a href="#">H 655</a>	Rep. Lucy Boyden; Rep. Matthew Birong	An Act Relating To Alcoholic Beverages And The Board Of Liquor And Lottery  This bill proposes to amend various provisions of Title 7 to change the term length for members of the Board of Liquor and Lottery from three years to four years, eliminate the specific limitation on the hours of sale for licensees who sell alcoholic beverages for off-premises consumption pursuant to 7 V.S.A. § 230, state that special events permits are subject to approval by the local control commissioners in conformance with the definition of "special event permit" in Title 7, eliminate language...	Committees: House Government Operations and Military Affairs  Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/13/26)
<a href="#">H 672</a>	Rep. Lucy Boyden	An Act Relating To Distribution Of Malt Beverages By Licensed Manufacturers  This bill proposes to authorize licensed malt beverage manufacturers to distribute malt beverages directly to the holders of first- or second-class licenses. This bill also proposes to limit the total amount of malt beverages that a licensed manufacturer may distribute directly to licensees on an annual basis.	Committees: House Government Operations and Military Affairs  Status: Read first time and referred to the Committee on Government Operations and Military Affairs (01/14/26)

<a href="#">S 236</a>	Sen. Alison Clarkson; Sen. Richard Westman	<p>An Act Relating To Vinous Beverage Manufacturers And Fourth-class Licenses</p> <p>This bill proposes to allow the holder of a fourth-class license to serve customers larger total volumes of alcoholic beverages at a tasting room or retail shop operated by the licensee. This bill also proposes to allow manufacturers of vinous beverages to operate not more than two first-class licensed establishments that are located at the licensed manufacturing facility or on property that is owned by the licensee and contiguous with the parcel of land on which the licensed manufacturing facility...</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time &amp; referred to Committee on Economic Development, Housing and General Affairs (01/09/26)</p>
<a href="#">S 279</a>	Sen. Kesha Ram Hinsdale; Sen. David Weeks; Sen. Patrick Brennan; Sen. Richard Westman	<p>An Act Relating To Caterer's Licenses And The Distribution Of Malt Beverages By Licensed Manufacturers</p> <p>This bill proposes to authorize licensed malt beverage manufacturers to distribute malt beverages directly to the holders of first- or second-class licenses. This bill also proposes to limit the total amount of malt beverages that a licensed manufacturer may distribute directly to licensees on an annual basis. This bill also proposes to amend the definition of caterer's license to repeal the restriction on serving alcoholic beverages at first- or first- and third-class licensed locations.</p>	<p>Committees: Senate Economic Development, Housing and General Affairs</p> <p>Status: Read 1st time &amp; referred to Committee on Economic Development, Housing and General Affairs (01/21/26)</p>