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House Committee on Environment and Energy

February 29, 2024

Dear Chair Lanpher and House Committee on Appropriations,

Thank you for the opportunity to provide comment regarding the 2025 budget. Below please find our recommendations. Underlined items are changes to the Governor's recommend. These recommendations were voted upon by the House Environment and Energy Committee via a straw vote, with a 10-0-1 outcome.

LAND USE REFORM AND FLOOD RESILIENCE

There is considerable effort underway to modernize Act 250 and assist Vermonters and Vermont communities in mitigating the impacts of climate change, particularly related to flooding. This work will require additional funding for various stakeholders to ensure that changes are effective, efficient and supportive of our local communities while continuing to protect Vermont's natural resources. Funds are needed to support our regional planning commissions (RPCs) to assist municipalities, to support the professionalization of a future Environmental Resource Board (now the Natural Resources Board), to ensure that the necessary public outreach is conducted across Vermont as Act 250 is reformed, to support the Agency of Commerce and Community Development (ACCD) and Agency of Natural Resources (ANR) for both staffing and grants, and to maintain some support for the very successful Better Places program.

As of the writing of this letter, H. 687 currently under discussion in the House Environment and Energy Committee is considering various appropriations. The bill includes costs as presented below. We have listed these in prioritized order, 1 – 5.

1. Professionalizing the Natural Resource Board/Environmental Resource Board for the last few months of FY2025. We recommend an additional \$400,000 be added to the Governor's recommend from the General Fund, for the Board professionalization as well as to address some of the budget gap resulting from fee exemptions due to last year's HOMES Act (S.100 of 2023). We note that professionalizing the Board is a

recommendation that is broadly supported by many diverse stakeholders and is a key component to modernizing Act 250.

2. Ensuring appropriate public outreach regarding significant changes to land use planning. We recommend \$200,000 in addition to the Governor's recommend, to ensure Vermont landowners and municipalities fully understand the changes presented in various land use and flood resilience bills and are actively involved in the proposed mapping process. The proposed changes to Act 250 and various flood mitigation efforts are unprecedented (as they should be, given housing and flooding challenges). For these changes to be successful, individuals and communities must be as aware and as involved as possible in the process.
3. Supporting municipalities and RPCs. \$1.5 million as a new allocation from the General Fund (GF) to the Municipal and Regional Planning and Resilience Fund to support municipalities and RPCs through land use planning, flood resilience, etc.
4. Additional staff at ACCD and ANR (1 at each entity). The position at ACCD, for an additional \$125,000 recommended from the GF, is critical to ensure successful implementation of the Municipal Planning and Resilience Grant Program (the \$1.5 million mentioned above). The position at ANR, for an additional \$125,000 from the GF, will support the Water Investment Division for the purposes of assisting in the financing of climate resilience projects from the Special Environmental Revolving Funds under 24 V.S.A. chapter 120.
5. The successful "Better Places" program has leveraged \$5.98 million in outside funds through \$1.25 million in general funds. We recommend ensuring a baseline continuation of this program through an appropriation of \$250,000 in GF (the program initially received \$1.5 million from the legislature).

Subtotal: \$2,600,000 increase

EXISTING COMMITMENTS

Generally, we recommend funding budget categories that are required by existing law.

Thus, we recommend that:

1. Regarding **conservation**, the statutory funding requirement for the Vermont Housing and Conservation Board (VHCB) is \$26 million. The Governor's recommend is currently \$24.6 million, with \$2.6 million also included in the capital bill. House Environment and Energy Committee recommends that the full amount be appropriated, which would require an additional \$1.4 million. The work of VHCB is needed now more than ever, addressing housing, homelessness, biodiversity, conservation and more.
2. Regarding **energy**, we recommend supporting remaining work associated with 2023's S.5. Last year, with passage of the Affordable Heat Act, the Legislature appropriated funds to both the Public Service Department (PSD) and Public Utility Commission (PUC) to support a thorough process in the development of a Clean Heat Standard. We strongly recommend that the ongoing work required to fulfill AHA requirements be fully funded, including:
 - o \$875,000 for the PUC from gross receipts (we support the Governor's recommend), and

- \$359,355 for the PSD, however, we recommend this be paid for via GF (in contrast, the Governor’s recommend has this amount coming from gross receipts).
3. Regarding **Public, Educational and Government access (PEGs)**: The Vermont PUC Rule 8.400 establishes the Public, Educational, and Government access (PEG access) obligations of all cable providers in Vermont. As COVID brought to the fore, our public access channels provide a critical connecting link between Vermonters and their government. We support the development of a long-term funding solution for this need. In the meantime, we recommend that \$1 million in bridge funding be appropriated from the General Fund to support the PEGs during this interim phase.

Subtotal: \$2,759,355 increase (this includes a shift of \$359,355 from PSD gross receipts to GF)

FISH AND WILDLIFE DEPARTMENT (FWD)

- The Fish and Wildlife Department is woefully understaffed to support the current work load, including providing technical expertise to Act 250 and Section 248 proceedings. We recommend adding one additional FTE at \$125,000 via updates in fees. We recognize the significant budget challenges facing Vermonters, and do not make this recommendation lightly.
- We support the Governor’s recommended budget suggestion to add a warden to continue addressing animal cruelty work across the state.
- We recognize the challenges associated with costs due to pre-treatment of discharge and an upcoming 2027 NPDES permit renewal process at the Salisbury Fish Culture Station. We recommend considering that the potential funds needed to make the necessary updates be added to the ARPA waterfall list, in the event these federal funds may be available as a result of other projects not moving forward.

Subtotal: \$125,000 via fee updates

DEPARTMENT OF ENVIRONMENTAL CONSERVATION (DEC)

- We strongly support the Governor’s recommendation of \$500,000 of GF to be used for match for the Winooski River Watershed Study (the WRDA study).
- We also support converting three limited-service positions to permanent (two in dam safety and one in geology).
- As our Committee has highlighted in past letters to the House Appropriations Committee, we remain concerned that various funds, such as the Environmental Contingency Fund (ECF), may not be fully funded due to various budget pressures. This concern remains.

WORKFORCE / OTHER

We support the Vermont Youth Conservation Corps (VYCC) youth employment initiative (“Serve, Learn, Earn”). This is an innovative and collaborative-based initiative targeting youth and young adults for the purpose of providing a pathway to jobs, while providing important public services

in the areas of housing, outdoor recreation, food security, conservation, weatherization and renewable energy. Partners include: VYCC, Vermont Works for Women, Resource and Audubon Vermont. The funding request is \$2.37 million for FY2025.

We would very much like to recommend an increase in the base funding for the Vermont Association of Conservation Districts. However, given budget constraints, we are supportive of the Governor's recommend.

Subtotal: \$2.37 million

Sincerely,

Your Committee on House Environment and Energy via a 10-0-1 straw vote