

H.35. An Act Relating to Improving the Quality of State Waters

Appropriations Issues

Section 6. Agricultural Water Quality Special Fund

- An Agricultural Water Quality Special Fund is created to fund the Agency of Agriculture, Food and Markets (AAFM) administration and implementation of water quality programs.
- The Fund consists of revenues from:
 - New fees on large, medium and small farms under Sections 3, 7, and 8; and
 - Increased fees on commercial feed registration, registration of pesticides, and registration of nonagricultural fertilizer under sections 9, 11, and 12.

Section 13. Appropriation to AAFM for Water Quality Positions

- Under Sec. 13, the monies in the Agricultural Water Quality Special Fund are appropriated to AAFM in FY2016 for the hiring of 7 new FTEs to staff water quality programs at the agency.

Section 18. Enforcement of Agricultural Water Quality Programs

- The Attorney General is granted civil penalty authority for agricultural water quality violations.

Sections 23-25. Water Quality Compliance as Condition of Use Value Appraisal

- Under Sec. 23, Property Valuation and Review (PVR) shall remove agricultural land or a farm building from use value appraisal (UVA) if the owner is:
 - Out of compliance with the water quality requirements of 6 V.S.A. ch. 215; or
 - Not in compliance with an enforcement order for an agricultural water quality violation.
- Sec. 25 redefines the term “development” under UVA to include removal of an agricultural parcel or farm building from UVA. As development, agricultural land or a farm building included in an AAFM notification to PVR would be subject to the land use change tax.
- Land removed from UVA would also be subject to full property tax rate.
- AAFM intends to use this authority as a last resort against recalcitrant farm owners.

Section 31. Stormwater

- Section 31 rewrites ANR’s stormwater management authority. Sec. 31 requires ANR to implement 2 new general permits for stormwater runoff: one for municipal roads, and one for retrofitting impervious surface of 3 acres or more that was never permitted or permitted before 2002.
- Both permits ultimately could have fiscal impacts on municipalities and State agencies.

Sec. 35. Clean Water Fund

- Sec. 35 establishes a Clean Water Fund Special Fund to provide funding to:
 - Programs and projects that address sources of water pollution in waters listed as impaired;
 - Projects that address water pollution in critical source areas; and
 - Programs or projects to repair riparian conditions that pose a risk of flooding.
- The Fund consists of revenue dedicated to it including a 0.2% surcharge on the property transfer tax.
- A Clean Water Fund Board shall administer the Fund. The Board shall consist of the Secretaries of ANR, AAFM, AOT, and ACCD, and 8 additional members, appointed by the Speaker of the House, the Committee on Committees, and the Governor.

- The Clean Water Fund Board shall recommend to the Secretary of Administration how funds from the Clean Water Fund shall be included in the State budget.
 - The Secretary of Administration shall give deference to the Board's recommendations.
- The Clean Water Fund Board shall publish an annual report detailing all fund investments.

Sec. 36-37. Clean Water Surcharge

- Sec. 36 establishes a 0.2% surcharge on the value of property subject to the property transfer tax.
- The surcharge is not assessed against:
 - Property exempt from the property transfer tax;
 - The first \$100,000 in value of property used for the principal residence of the transferee;
 - The first \$110,000 in value of property purchased with VHFA funds.
- The surcharge is deposited in the Clean Water Fund.
- Under Sec. 37, the Clean Water Surcharge is repealed July 1, 2021.

Sec. 38. Agency of Administration Report on Per Parcel Water Quality Fee

- Sec. 38 requires the Secretary of Administration to report to the General Assembly by 2016 with a recommendation for establishing a fee on parcels of property for the purpose of water quality funding.

Sec. 39-40. DEC Permit Fees

- Sec. 39 provides for increases in DEC water quality related permits. The increase in fees would provide revenue of \$1.3 million to be used for additional DEC water quality staff.
 - Under 3 V.S.A. § 2805, DEC fees are deposited in the Environmental Permit Fund to implement DEC programs.
- Sec. 40 removes permit fee exemption for municipalities, AOT and BGS.

Sec. 41. Appropriations for ANR Water Quality Staff

- Appropriates \$1,312,556 from the Environmental Permit Fund to ANR in FY2016 for 13 water quality positions.

Sec. 42-43. State Assistance for Phosphorus Reduction at Wastewater Treatment Plants

- Current law provides that wastewater treatment plants shall not discharge waste with a phosphorus concentration in excess of 0.80 milligrams per liter on a monthly basis.
 - 10 V.S.A. § 1266a provides that a municipality does not need to comply with the 0.80 milligrams per liter standard if State funds are not provided to the municipality for compliance.
 - Sec. 42 repeals the provision allowing municipalities not to comply if assistance is not provided.
- Current law provides that if a municipality is required to reduce phosphorus concentration in wastewater effluent below 0.80 milligrams per liter on a monthly average basis, the State shall provide the municipality with a grant for 100% of the eligible project cost.
 - Sec. 43 repeals the requirement that the State finance the project cost.

Sec. 48. MS4 Eligibility for Ecosystem Restoration Program (ERP) and Clean Water Funds

- Municipalities shall not be denied funds from the ERP or the Clean Water Fund solely because they are an MS4 community.