



STATE OF VERMONT
HOUSE COMMITTEE ON
AGRICULTURE AND FOREST
PRODUCTS

To: Janet Ancel, Chair, House Committee on Ways and Means

From: House Committee on Agriculture and Forest Products

Date: March 10, 2015

Subject: H.35 Revenue Proposals from Committee on Agriculture and Forest Products

On February 27, 2015, the House Committee on Agriculture and Forest Products unanimously voted to propose amendments to H.35, An Act relating to improving the quality of State waters.

As a part of the proposed amendment, the Committee on Agriculture and Forest Products recommended removing all sections of the bill that relate to revenue generation, including: increased gas taxes; increased taxes on rooms, meals, and alcohol; and multiple increased fees on permits or programs administered by the Agency of Agriculture, Food and Markets and the Agency of Natural Resources. The Committee on Agriculture and Forest Products did not believe many of the proposed revenue generations sections to be appropriate or within the jurisdiction of the Committee on Agriculture and Forest Products.

However, the Committee on Agriculture and Forest Products recognizes the need to enact, in some form, the water quality initiatives in H.35. The Committee also recognizes that funding those initiatives at a sufficient level will be imperative to successful implementation. Consequently, the Committee discussed a suite of revenue options for the funding necessary to implement the water quality initiatives of the Agency of Agriculture, Food and Markets.

The discussed options focused solely on raising the approximately \$1.2 million revenue requested by the Agency of Agriculture, Food and Markets for the seven new staff positions and limited water quality grants summarized in Attachment A of this letter. The revenue options discussed by the Committee on Agriculture and Forest Products are organized as a table attached to this letter as Attachment B. The table of revenue options includes the Committee's input on the fairness of each proposed revenue option, the sustainability of each option, the

nexus of each option to water quality, and the ease of administering each option. In addition, the table indicates how many members of the Committee on Agriculture and Forest Products supported each of the discussed revenue options.

Many of the revenue options discussed by the Committee on Agriculture and Forest Products would impose financial burdens on the farming community in Vermont. The Committee on Agriculture and Forest Products has heard from many farmers and farming interests regarding water quality in the State. The farming community clearly is willing to do its part to help clean up the waters of Vermont.

However, all persons and businesses in the State bear some responsibility for the cleanup of the State waters. All parties should share some financial burden in funding the cleanup. As such, the Committee on Agriculture and Forest Products requests that the revenue raised for water quality should be equitably apportioned among many sectors and not just on the farming community in the State.

If you need additional information, please feel free to contact me or Michael O'Grady in the Office of Legislative Council.

Sincerely,

Rep. Carolyn Partridge
Chair, House Committee on Agriculture &
Forest Products

**Attachment A: Water Quality Staffing and Funding Requested by Agency of
Agriculture, Food and Markets**

Water Quality Positions for FY 2016 Pending Clean Water Fund

POSITION	PAY GRADE
Water Quality Permitting and Project Manager	27
Water Quality Specialist – small farm inspector	23
Water Quality Specialist – small farm inspector	23
Agriculture Systems Specialist – Ag Engineer	23
Financial Administrator II	23
GIS Project Supervisor	24
Sr. Ag Development Coordinator – Communications	25

A. Summary of Newly Proposed Classified Positions Pending a Clean Water Fund

1. Water Quality Permitting and Project Manager – Grade 27

The Agency currently issues permits to medium and large farm operations. Under the proposed EPA TMDL the agency is expected to create a small farm certification program (5,000+ farms will likely fall under this). This position will assist in the development of the small farm program and align all three farm programs so farms can seamlessly transition from one to the next should they choose to expand. This work will include creating the program, contracting to develop an online registration system for farms to view the permits/certifications, and training for all stakeholders. Additionally, this position will inspect farms for compliance.

2. Two Water Quality Specialists – Small Farm Inspectors – Grade 23

Currently the inspection capabilities within the agency are insufficient to adequately enforce the current regulations, let alone the proposed changes the State has put forth in the EPA TMDL. These two positions will enhance our ability to be present on farms in order to uphold the regulations. Right now the farm to staff ratio is roughly 715 farms per person. (assumptions include: 1,000 dairies and 4,000 other livestock/backyard farms/crop farms, etc., and 7 FTE's for inspectors).

3. Agriculture Systems Specialist - Ag Engineer – Grade 23

As inspectors do their job, they inevitably drive workload onto engineering resources as farms need to make improvements in order to maintain compliance with water quality regulations. If

the inspectors above are to be hired, a professional certified engineering position is essential in order to complete the progression of getting a farm to resolve water quality issues.

4. Financial Administrator II – Grade 23

Included in the additional clean water fund budget proposal is an increase in base allocations for programs. Most of these programs are pass-through grants administered by the Agency to partner organizations. If the funds are increased, a position will be needed to administer the grants in the ARMS division and any new initiatives and cooperative agreements the agency enters into.

5. GIS Project Supervisor – Grade 24

As the Agency performs all of the work in the TMDL, there is a need to show accountability of the progress made. Showing maps is one of the most effective ways to present this information to the public, especially in a natural resource field such as agriculture which is land based. Additionally, the ARM division is about to embark on a new water quality database that will track all of the permitting efforts and this position will ensure a linkage in the permit mapping as well so internal resources can be more efficient in the enforcement process by knowing where farms are situated and the resources they have at their disposal (i.e. Additional manure pits so we don't have to issue them a spreading exemption in the winter which improves water quality or an understanding of who owns land when a complaint comes in and a more immediate ability to contact the farmer to resolve the issue).

6. Senior Ag Development Coordinator – Communications and Marketing – Grade 25

As the Agency increases its presence in water quality regulations and work with famers, communication of efforts as well as a marketing assistance program will become paramount. This position will work with the Water Quality Specialists, Water Quality Permitting and Project Manager and Ag Resource Management Assistant Director to provide current information on water quality efforts, enforcement actions and programs that can assist farmers to meet water quality goals of the state.

B. Agency of Agriculture Food and Markets—Requested Funding for TMDL Implementation

Staff and operating	Grants	TOTAL
\$952,000 – 7 positions, benefits, travel, fleet, computers, phones etc.	\$248,000 – grants to assist farmers to meet WQ requirements	\$1,200,000

Attachment B: Revenue Options

H.35 Funding Sources

Funding	Fairness	Reliability/Sustainability	Nexus To Problem	Ease Of Administration	Committee Support
0.5-1% Rooms Tax	Tax from discretionary income. Money imported from other states. Working Lands (Rural?) Heritage Tax	Funds increase with inflation	Yes Can also provides funding for Working Lands, agricultural fairs, and Farm-To-School	Immediately available System already in place	7 supporters
Bagged and bulk grain fee	Everyone with animals is contributing	Fairly reliable	Direct, but doesn't address all sources of pollution	Report required in H.35 will give this information	3 supporters
Fee on bagged fertilizer \$30/ton x ~6,000 tons = \$180,000	Paid by non-agriculture population, but fits the "all in" mantra	Perhaps not, but decreased use will help with the problem	Yes, homeowners contribute to nutrient runoff	Easy to administer	6 supporters
Increased fee for non drinking water permits (e.g., golf courses, snow-making, etc.)	Yes, these are uses of water resources Municipal fees were just raised	Yes	Yes Associated with water quality and use	Yes Assessed annually	7 supporters
Fertilizer fee \$1-3/ton Each \$1 raises \$40,000	Yes, if this only constitutes a portion of the funds raised and does not place an unreasonable burden on dairy	Yes	Yes	Yes	2 supporters
Non-dairy farm certification fees	Yes Should not place an unreasonable burden on dairy	Yes, except not available until 2017	Yes	Yes, but will take some effort to identify the farms	10 supporters
VHCB	No consensus	Yes	Argument can be made	Yes	3 supporters

Funding	Fairness	Reliability/Sustainability	Nexus To Problem	Ease Of Administration	Committee Support
Efficiency Vermont 3rd tier of H.40	Details unknown	Questionable	Questionable Money was raised for electrical efficiency		5 supporters
Increase in top marginal income tax rate .12% (8.95% to 9.07%) raises \$1.2 million	Almost everyone in Progressive tax	Yes	Those most able to pay are in	Yes	5 supporters
Commercial feed - increase product registration fee by \$15 per product would raise \$165,000	Yes	Yes	Yes	Yes	7 supporters
Economic poisons (pesticides) - increase of \$15 per product would raise \$165,000	Yes	Yes	Argument can be made - pesticides have an impact on water quality	Easy	9 supporters
Increased government efficiency with existing funds	Yes	Questionable	Debatable	Yes	6 supporters
Permit fees on LFO 27 @ \$2,500 = \$67,500	Yes	Yes	Yes	Relatively easy - known universe	10 supporters
Permit fees on MFO 139 @ \$1,500 = \$208,500	Yes	Yes	Yes	Relatively easy - known universe	10 supporters

Funding	Fairness	Reliability/Sustainability	Nexus To Problem	Ease Of Administration	Committee Support
Permit fees on identifiable small dairy farms <100 cows ~355 @ \$250 = ~\$88,750	Yes	Yes	Yes	Relatively easy - known universe	10 supporters
Permit fees on identifiable small dairy farms 100-199 cows ~355 @ \$500 = ~\$177,500	Yes	Yes	Yes	Relatively easy - known universe	10 supporters
Fee per acre/parcel (i.e., property tax increases)	Not supported by Agriculture and Forest Products Committee				2 supporters