

Summary of Senate Committee on Appropriations Amendment to H.35 as Amended by the Senate Committee on Finance

Overview

The Senate Committee on Appropriations proposes to amend those sections of H.35 regarding the revenue generation for and expenditure of funds for the purposes of water quality programs and projects in the State. Generally, the Committee retained the Clean Water Fund as proposed by Senate Natural Resources and Energy, retained the appropriation process from the Fund, retained the DEC fees for the new DEC staff positions, amended the agriculture fees, and amended the funding the source for the Clean Water Fund.

First, the Committee proposes to retain the Clean Water Fund structure proposed by the Committee on Natural Resources and Energy. The Fund will be administered by the Secretary of Administration, and the Clean Water Fund Board shall provide recommendations to the Secretary about how money in the Fund will be included in the State budget. Ultimately, the General Assembly shall approve appropriations from the Clean Water Fund in the Budget process.

The Clean Water Fund Board is comprised of the Secretaries of Administration, Natural Resources, Agriculture, and Transportation. The Senate Committee on Appropriations removed any public members, but required the Board consult with interested parties and allow for public comment. The powers and duties of the Board are largely the same as those proposed by both Senate Natural and Senate Finance. The priorities for appropriations from the Fund are consolidated to avoid duplication, but remain consistent with the priorities of Senate Natural and Senate Finance. The Senate Committee on Appropriations retained the Clean Water Investment Report and Clean Water Fund Audit largely as proposed by both Senate Natural Resources and Senate Finance.

The Senate Committee on Appropriations proposed replacing the per parcel fee proposed by the Senate Committee on Finance with a Property Transfer Tax surcharge. The surcharge is 0.2% on the value of property subject to the property transfer tax, except that there shall be no surcharge on the first \$100,000 in value of property to be used for a principal residence. The surcharge would repeal in 3 years. During those 3 years, the Treasurer in consultation with the Secretary of Administration and Commissioner of Taxes, shall submit a report to the General Assembly on the long term funding of water quality programs and projects in the State.

Senate Appropriations also establishes the 13 DEC position and 8 Agency of Agriculture positions requested by the Administration for water quality programs. The DEC fee increases proposed by Senate Finance are used to pay for the DEC positions. Fees on large farms, medium

farms, pesticides, and nonagricultural fertilizer would provide some of the revenue necessary for the agriculture positions. The remaining money necessary for the positions would be transferred from the Clean Water Fund.

First Instance of Amendment: H.35 Secs. 37-43, Clean Water Fund; Water Quality Fee
Sec. 37. 10 V.S.A. chapter 47, subchapter 7: Vermont Clean Water Fund

- Keeps the Fund as a new subchapter (Subchapter 7) in Title 10
- 10 V.S.A. § 1388. Clean Water Fund
 - Changes the name back to “Clean Water Fund” (instead of “Clean Water Legacy Fund”)
- 10 V.S.A. § 1389. Clean Water Fund Board
 - Proposes removing the 5 new members proposed by Senate Finance.
 - Would only include the 5 Agency Secretaries.
 - Removes the proposed Board powers and duties:
 - Not required to develop a 5 year plan for disbursements from the fund (§ 1389(f)(1)D))
 - Not required to issue an annual revenue estimate and proposed budget for the Fund (§ 1389 (f)(1)(E)) — Does have the board developing an annual revenue estimate and proposed budget but not required to issue it to anyone (§ 1389(d)(3)(B))
 - Not required to make recommendations to the Legislature regarding administration of the Fund, including whether money in the fund should be bonded (§ 1389(f)(1)(H)&(I))
- 10 V.S.A. § 1389a. Clean Water Investment Report is largely the same (?)
- 10 V.S.A. § 1389b. Clean Water Fund Audit is largely the same (?)

Sec. 38. 32 V.S.A. § 9602a: Clean Water Surcharge

- Changes the beginning funding mechanism to the property transfer tax.
 - Surcharge of 0.2 percent on the value of property subject to the property transfer tax.
 - No surcharge on the first \$100,000.00 in value.
 - Will be in addition to any tax assessed under section 9602 and will be paid, collected, and enforced in the same manner.

Sec. 39. Repeal of Surcharge

- This section repeals the Water Quality Property Surcharge on July 1, 2018
- The Senate Finance Proposal (Per Property Fee) was repealed on July 1, 2016.

Sec. 40. State Treasurer Report on Long Term Financing of Statewide Water Quality Improvement

- This section corresponds to Sec. 43 of the Senate Finance Proposal
 - Senate Finance proposed a report from the Commissioner of Taxes on Implementation of Statewide Water Quality Fee, including possibly lowering the fee or basing it on a percentage of impervious surface.
- On or before January 1, 2017 the State Treasurer, after consultation with the Secretary of Administration and Commissioner of Taxes, shall report recommendations for financing water quality improvements. Shall include:
 - Proposed revenue to replace the surcharge fee;
 - An estimate of the amount of revenue generated from each revenue source;
 - Summary of enforcement;
 - Recommendation of whether the State should bond for purposes of financing programs;
 - Legislative proposal to implement each revenue source proposed.

Sec. 41. Water Quality Staff Positions

- This corresponds to Secs. 41 and 42 of the Senate Finance Proposal.
- Establishes 8 positions for Agriculture – similar to Finance Proposal
- Establishes 13 positions for DEC
- Positions shall be transferred and converted from existing vacant positions in the Executive Branch.

Sec. 42. Appropriations to Agency of Agriculture

- Appropriates \$1,071,000.00 from the Agriculture Water Quality Special Fund
- The revenue for the appropriation is from fees on large farms, medium farms, nonagricultural fertilizer, pesticides, and fund transfer from the Clean Water Fund

Sec. 43. Appropriations to DEC

- Gives the same amount of money from the same source as the Senate Finance Proposal.
- \$1,545,116.00 from the Environmental Permit Fund from DEC fees.

Sec. 43a. Fund to Fund Transfer

- In FY 2016, \$450,000.00 is transferred from the Clean Water Fund to the Agriculture Water Quality Special Fund.

Second Instance of Amendment: Striking out the Second Proposed Amendment and inserting the following (H.35 Sec. 3. Small Farm Certification; Small Farm Fee)

- Removes the small farm fees.

Third Instance of Amendment: Amending Sixth Proposed Amendment in its Entirety

- The Senate Committee on Finance proposed raising a fee on commercial feed. The Senate Committee on Appropriations proposes striking that fee in its entirety.

Fourth Instance of Amendment: Striking out the Ninth Proposed Amendment and inserting the following (H.35 Sec. 54. Effective Dates)

- I assume this amendment relates to the proposed property transfer tax, that will go into effect on passage.

Note: The fees on Pesticides, Nonagricultural Fertilizer, Large farms and Medium farms are not addressed in the Senate Appropriations Amendments because they were accepted as proposed by SNRE and Senate Finance.