



April 15, 2015

Written testimony of Michael Zahner

Thank you for the opportunity to provide written comment on certain elements of the Executive Fee Bill as it relates to the Natural Resources Board (NRB) and the Agency of Natural Resources (ANR). Comments generally reference *Lines 59 through 68* on the FY 16 Fee Spreadsheet to be read in concert with the 2016 Fee Bill. Relevant subdivisions of the bill relating to Act 250 fees are reprinted below. Our comments follow those relevant subdivisions.

Introduced by Committee on Ways and Means

Date:

Subject: Executive Branch fees

Statement of purpose of bill as introduced: This bill proposes to adjust certain Executive Branch fees.

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I. Sec. 18. 10 V.S.A. § 6083a is amended to read:

§ 6083a. ACT 250 FEES

(a) All applicants for a land use permit under section 6086 of this title shall be directly responsible for the costs involved in the publication of notice in a newspaper of general circulation in the area of the proposed development or subdivision and the costs incurred in recording any permit or permit amendment in the land records. In addition, applicants shall be subject to the following fees for the purpose of compensating the State of Vermont for the direct and indirect costs incurred with respect to the administration of the Act 250 program:

(1) For projects involving construction, ~~\$5.40~~ \$6.65 for each \$1,000.00 of the first \$15,000,000.00 of construction costs, and ~~\$2.50~~ \$3.12 for each \$1,000.00 of construction costs above \$15,000,000.00.

(2) For projects involving construction, an additional \$0.75 for each \$1,000.00 of the first \$15,000,000.00 of construction costs required by subdivision (1) of this subsection shall be available to the Agency of National Resources to account for the Agency of Natural Resources review of Act 250 applications.

Vermont Chamber Comment: *The combined Act 250 fee increase of 37% (\$5.40 per \$1,000 of estimated construction cost rises to \$7.40 per \$1,000) is likely unprecedented in the history of the program in terms of size and scope of the increase. It means that a \$10 million project would pay a fee*

of \$74,000 instead of \$54,000 along with its application. This is occurring at a time when the Vermont economy is not robust and is continuing to emerge from the great recession.

ANR projects revenue of \$232,667 as a result of the \$.75 increase while it appears that no positions are being added. Ostensibly, these funds will be used to offset loss of general funds. However, we are not aware of any analysis of the needs of ANR's Central Office given the current workflow of Act 250 applications. As a result in a surge of Section 248a applications (Telecommunications), **an additional \$222,000 (Line 59) will be raised as a new fee in the ANR Central Office and may result in the hiring of an additional attorney position.** As noted in Section II below, the NRB was required to submit a plan to the Legislative Committees on Appropriations to detail how \$200,000 in general funds would be eliminated in the NRB budget as a result of "consolidating" with ANR. Until such a plan is submitted to the Legislature, there is no way to make an appropriate assessment of the fee increase.

We support the fact that 10% of the new revenues to be raised by the increased Act 250 fee is for a **one-time technology project (\$41,000)** to enhance the NRB's web presence and electronic service to the public which has been exemplary over the years.

NRB testimony to House Ways and Means:

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/House%20Ways%20and%20Means/Fee%20Bill/W~Lou%20Borie~Natural%20Resources%20Board%20testimony~1-22-2015.pdf>

II. Sec. E.713 Natural resources board - Budget Adjustment Act

(a) As part of budget testimony in the 2015 legislative session, the Agency of Natural Resources in conjunction with the Natural Resources Board shall by March 31, 2015 submit a plan to the House and Senate Appropriations Committees for **consolidation** within the Agency, to achieve a General Fund appropriation reduction of at least **\$200,000 in fiscal year 2016**. The General Assembly shall indicate approval of the plan by reducing by at least **\$200,000 the amount of General Fund** from the amount proposed in the Governor's budget submission for Departments included in the consolidation.

NRB's Response on March 31, 2015:

III. Impact of Proposed Legislation

Executive Fee Bill

NRB is proposing to increase several Act 250 permit application fees as part of the Executive Fee Bill. The increased fees would generate an additional **\$459,356 of Special Fund revenue**. This fee revenue will support the expenditures outlined above, as well as compensate for Act 250 fee exemptions enacted in 2014 as part of legislation to support downtown development.

IV. FY 2016 Budget Gap: Natural Resources Board

A provision in the Governor's proposed FY 2016 budget requires NRB to work with the Agency of Natural Resources (ANR) to identify opportunities for sharing of administrative services, with a resulting savings of **\$200,000**. **NRB and ANR are working together to identify opportunities for savings and will submit a plan to the Administration and the Appropriations Committees.** The budget outlined above does not include the savings anticipated by this plan, however it is important to

note that the House passed budget does include a reduction of \$200,000 in NRB's General Fund appropriation and a corresponding decrease of \$200,000 in Operating Expenses.

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Appropriations/FY%202016%20Budget/07%20Natural%20Resources/W~Natural%20Resources~Natural%20Resources%20Board%20FY%202016%20Budget%20Memo%20to%20SAC~4-1-2015.pdf>

<http://legislature.vermont.gov/assets/Documents/2016/WorkGroups/Senate%20Appropriations/FY%202016%20Budget/07%20Natural%20Resources/W~Natural%20Resources~Natural%20Resources%20Board%20FY%202016%20Proposed%20Budget~4-1-2015.pdf>

Vermont Chamber Comment: *The "Consolidation" provision in the House passed Budget Adjustment Act makes it more difficult to conduct an evaluation and comment regarding the actual need for revenues that would accrue from the proposed fee increases since the above noted "Consolidation Study" is not available.*

Thank you for your hard work and consideration of our comments on these elements of the Executive Fee bill. I am certainly available to provide any additional information or answer any questions at the Committee's convenience. We will stay closely involved.

Respectfully submitted,

Michael Zahner
Vermont Chamber of Commerce
Mobile: 802-272-5945
mzahner@vtchamber.com