

# Vermont Legislative Joint Fiscal Office

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## *FISCAL NOTE*

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### **H.852 An Act Relating to State Lands**

#### **Summary**

The bill proposes to do the following:

Sec. 1 Change the per tap license charge for maple taps on State lands from a fee calculated annually from a statutory formula utilizing the average of the per pound price of Vermont fancy grade syrup and Vermont commercial grade syrup to a charge set at the discretion of the Commissioner of Forests, Parks and Recreation (Commissioner) that reflects market rates.

Sec. 2 Establish a set of criteria by which the Director of Property Valuation and Review shall be required to release the lien on property enrolled in the use value appraisal program. Exemptions from the land use change tax would be established for land acquired by the Green Mountain National Forest and land acquired by the Agency of Natural Resources for public use.

Sec. 3 Create a working group on the intergenerational transfer of forestland.

#### **Analysis**

##### Maple tap charge

The bill, as passed out of the House Committee on Natural Resources and Energy, would have set the charge at \$0.75 per tap to be paid annually by the user. The House Committee on Ways and Means has proposed an amendment that would give authority to the Commissioner to set the fee based on market rates. This analysis will provide a revenue estimate based on the assumption that the Commissioner sets the charge at \$0.75 per tap for FY17, while acknowledging that this number could change at the discretion of the Commissioner. **Estimated new FY17 revenue: \$3,000.**

<b>Maple tap charge revenues<sup>1</sup></b>		
Approx. taps		24,000
Year	Revenue	Revenue (per tap)
2013	14,612	0.61
2014	14,827	0.62
2015	14,838	0.62
<b>2017</b>	<b>18,000</b>	<b>0.75</b>

<sup>1</sup> Approximate number of maple taps, as well as revenue actuals for FY2013-2015, provided by the Department of Forests, Parks and Recreation  
VT LEG #314859 v.1

### Use value appraisal/Land use change tax

The bill proposes to establish in law conditions whereby a lien shall be released on land enrolled in the use value appraisal program. The bill also proposes to establish exemptions from the land use change tax (LUCT) for land acquired by the Green Mountain National Forest or by the Agency of Natural Resources.

1. Green Mountain National Forest/U.S. Forest Service – The language establishing conditions for the release of liens and exempting transfers to the National Forest from the change tax serve the purpose of eliminating any ambiguity as to when and how liens should be released prior to transfers of land to the federal government for public use. The federal government requires that no encumbrances be attached to land prior to the land falling under its possession. Because of this requirement, and based on current State law, it is very difficult for individuals to transfer land to the federal government for public use without having to first pay the LUCT in order for the lien to be released.

Using a hypothetical future acquisition of property enrolled in current use that would be subject to the LUCT under current law and exempt under the proposed law, when the lien is released the General Fund would be forgoing all potential LUCT revenue, however some of that would be made up in future years by the State no longer being required to make hold-harmless payments to communities in which the property is located. The Education Fund would lose future property tax revenue because the Federal government is exempt from State property taxes. Between the years 2011 and 2015, there were only two land transfers to the U.S. Forest Service. Because of the limited nature of these transactions, establishing a fiscal impact for this language is difficult.

**Little to no fiscal impact**

2. Agency of Natural Resources – Currently, the Agency does not require that liens on land be released prior to it taking possession of land for public use. Therefore, the land use change tax is not paid on this land and the revenue is already foregone. The language exempting transfers to the Agency from the land use change tax is to ensure that the liens are released prior to transfer going forward so that the Agency no longer has to keep track of which parcels have liens and which do not. **No fiscal impact**

### Working Group

The Commissioner has indicated that the Department of Forests, Parks and Recreation has the resources necessary to perform this work without additional funding. **No fiscal impact**