

H. 872 – FEE BILL OVERVIEW

As Amended by the Senate

4/27/2016

TOTAL NEW REVENUE: \$ 26,870,380

AGENCY OF AGRICULTURE, FOOD AND MARKETS

Sec. 1-29

New revenue: \$1,158,086 special funds

The Agriculture sections of the fee bill include fee adjustments, new fees, and the elimination of one fee. The new fees are: late fees for license and registration renewals, a fee on private applicators of pesticides and the expansion of pesticide applicator fees to federal, State and municipal agencies and public education institutions, the expansion of fee categories for milk handler licensees, and a fee for the registration of custom manure applicators. Significant revenue is generated by the new late fee, as well as the increases in the fees on commercial feeds, the fees for registering insecticides, fungicides, and rodenticides, the milk handlers' license fees, and the fees for operating gasoline pumps. The eliminated fee is the Dairy Promotion Council fee on handlers for all fluid milk sold in Vermont. These funds have been used to promote the sale of milk and milk products.

DEPARTMENT OF FINANCIAL REGULATION

Sec. 30-34a

New revenue: \$23,720,410, of which \$23,698,450 goes to the General Fund and \$21,960 goes to a special fund.

The Financial Regulation sections create one new fee, and modify several existing fees, notably on investment companies (mutual funds). A new "business entity limited lines producer" category is established, so that a business may sell limited lines insurance such as travel accident or travel baggage insurance. A corresponding fee of \$150 is created for initial licensing and subsequent biennial renewals.

The notice filing fee per portfolio or class of securities for mutual fund investment companies is divided into two separate fees. First, a \$2,000 fee will be required for the initial filing. Second, the fee required for each annual renewal will be \$1,500. This mutual fund fee adjustment alone will generate a total estimate of new revenue of \$20,790,000.

In Section 33a, registration fees are increased for securities broker-dealer firms, branch offices and agents, as well as for investment adviser firms, branch offices and investment adviser representatives.

A new exemption is created for the Department of Financial Regulation to exempt it from the statutory fee requirements that limit the purposes for which an agency may raise revenues through fees. This new exemption will allow DFR to raise revenues through its fees that are not directly related to its costs of regulation.

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In Section 34a, a new municipal advisory committee is established for the purpose of proposing a report and request to the General Assembly every three years regarding municipal fees that are set in statute. The committee will be composed of four municipal officers and the Secretary of State or designee, who will chair the committee.

Sections 34b-34d deal with the regulation and oversight of the EB-5 program, which is administered through the Vermont EB-5 Regional Center. The Regional Center, itself, is jointly managed by the Agency of Commerce and Community Development (ACCD) in partnership with the Department of Financial Regulation (DFR). There are three proposed amendments:

- First, **Sec. 34b** directs ACCD and DFR to adopt separate rules pertaining to the administration and oversight of the Program, and requires that those rules be modeled after the MOU entered into between ACCD and DFR on December 22, 2014. That MOU is set to expire in December 2016. In large part, the MOU clearly delineates the roles of the two State entities with respect to the Program. For example, ACCD is charged primarily with marketing and promotion of projects, and DFR is charged primarily with reviewing project financials, making the final determination on whether a project should be approved, and then providing ongoing oversight of approved projects.
- Second, **Sec. 34c** makes amendments to the existing EB-5 Special Fund. In particular it states the legislative intent that the Regional Center ultimately function as a wholly self-funded entity, relying on fees, assessments, and bill-back provisions imposed on project developers to cover the Regional Center's operating costs, instead of relying in part on legislative appropriations.
- Third, **Sec. 34d** requests that the Secretary of ACCD make every reasonable effort to invoice and collect EB-5 Fund charges, including charges previously suspended by the Secretary, and to do so in a manner that does not diminish the value of a foreign investor's interest acquired through a capital investment in an EB-5 project.

CENTER FOR CRIME VICTIM SERVICES

Sec. 35

New revenue: \$81,915 special fund

This section increases the marriage license fee collected by town clerks for issuing and recording a marriage or civil union license. Part of the fee is retained by the town clerk. This part will not be increased. The remaining portion of the marriage license fee is deposited into the Domestic and Special Violence Special Fund to support the programs managed by the Center for Crime Victim Services. This portion of the fee will be increased by the full amount of the fee increase.

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DEPARTMENT OF PUBLIC SAFETY

Sec. 36-37

New revenue: \$1,507,977 special funds

The Public Safety sections address fees for hazardous substances and fire safety. The fees per pound for the use or storage of hazardous chemicals or substances at a facility are increased. The permit application fees for the approval of a construction plan according to fire prevention and building code are also increased. The permit fee increases alone will raise \$1,393,012 in new revenue.

DEPARTMENT OF LIQUOR CONTROL

Sec. 38-43

New revenue: \$315,565, of which \$41,596 would go to the General Fund and \$273,969 would go to special funds

The Liquor Control sections increase many existing liquor licensing fees by approximately 9%. These include fees for licenses to bottle, to solicit, to sell at wholesale, to ship wine, to store wine, to cater, and to serve and sell alcohol according to the different statutory classes. The fees will also increase for permits for festivals, and educational sampling events. However, the following fees will not be increased: fees for licenses to manufacture beer, wine or spirits, first-class licenses, second-class licenses, and permits for special events. Additionally, the Liquor Control sections establish training requirements for liquor and tobacco licensees through in-person seminars or online programs. The fees for these training sessions will be the same regardless of whether they are taken in-person or online.

Included in the Liquor Control sections is a new fee for retail vendors of electronic cigarettes, which are a type of tobacco substitute. Retail vendors will be required to obtain a tobacco substitute endorsement in addition to the current requirement of a tobacco license. The endorsement will require an annual \$50 fee to be paid to the Dept. of Liquor Control.

AGENCY OF NATURAL RESOURCES

Department of Fish and Wildlife

Sec. 44

New revenue: \$40,927 Special funds

The Fish and Wildlife sections increase several license fees, and eliminate others. The increases are to combination hunting and fishing licenses for Vermont residents, and to fishing licenses, and combination hunting and fishing licenses for nonresidents. The fees that will be eliminated are fees for the second muzzle loader and the second archery licenses for Vermont residents, as well as the \$50 fee for senior Vermont residents to receive one or multiple licenses at no additional cost. The free senior licenses will be for

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Vermont residents 70 years of age or older. Bear tags will also be permitted at any time during the season, for both residents and nonresidents.

DEPARTMENT OF ENVIRONMENTAL CONSERVATION

Sec. 45

New revenue: \$0

The Environmental Conservation section pertains to licensing fees for Concentrated Animal Feeding Operations (CAFOs). The CAFO program applies to medium and large farms where precipitation causes discharge from the production area. While medium and large farms are currently charged application or operating fees, CAFOs have not been subject to any fees. The new proposed CAFO license fees will be the same as the existing medium and large farm license fees, which are \$1,500 for a medium farm, and \$2,500 for a large farm. As there are currently no CAFOs in Vermont, there are no projected revenues for FY 2017.

Section 45 includes language to distinguish between the lower fee for non-sewage indirect discharge permit reviews, and higher sewage fees, by adding the non-sewage language back into the statute after it was struck in the 2015 fee bill. Examples of non-sewage indirect dischargers are breweries, cheesemakers, and yogurt makers. The proposed effective date is retroactive to July 1, 2015 to allow the Dept. of Environmental Conservation to charge the non-sewage fees to applicants in 2015.

DEPARTMENT OF LABOR

Sec. 46

New revenue: \$0

The Workers' Compensation Fund premium rates are adjusted annually to reflect the budget for the program and the estimated calendar year premiums that will be paid by employers on workers' compensation insurance. This rate has been set at 1.45 percent since 2013, and will remain at the rate of 1.45 percent for FY 2017. No change in revenues is anticipated.

AGENCY OF EDUCATION

Sec. 47

New revenue: \$37,500 Special Funds

The Education section pertains to new fees for accreditation of Vermont institutions of higher education, through the Results Oriented Program Approval (ROPA) process. One new fee will be due annually, and grants preparation programs the authority to recommend licensure for their graduates. Other fees will be charged for initiating new programs, which requires preparation and review of the proposed program, and a site

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visit. The site visit will require a separate fee. A further annual fee is created to cover the costs of an in-depth ROPA review, which is required every seven years to maintain accreditation. Lastly, two-year program review fees will be charged to both new and existing programs, which must submit and present two-year reports. The \$37,500 estimated annual revenue from these fees is intended to cover the work of the 0.5 FTE needed to manage the program's day-to-day operations.

STATE LOTTERY COMMISSION

Sec. 47a

New revenue: \$8,000, all of which goes to an enterprise fund

This section includes a new annual assessment on fantasy sports operators. The State Lottery Commission is directed to collect a fee from fantasy sports operators. This fee is 2% of the operators' yearly revenue, minus what the operators pay out as prizes to contest winners. The fees that the Lottery Commission collects are reserved for addiction programs.

REPORTS AND EFFECTIVE DATES

Sec. 22

The Agency of Agriculture, Food and Markets will be required to provide a report by November 15, 2016 to the House Committee on Ways and Means, the Senate Committee on Finance, the House Committee on Agriculture and Forest Products, and the Senate Committee on Agriculture that proposes a fee on small farms for the certification of their compliance with water quality requirements under the required agriculture practices.

Sec. 48

The fertilizer tonnage fees in section 5 will apply retroactively to January 1, 2016 to correct the inadvertent changes in last year's session law.

The non-sewage indirect discharge permit review fees in section 45 will apply retroactively to July 1, 2015 to correct the inadvertent changes in last year's session law.

All of the remaining sections will become effective on July 1, 2016.

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H.872: 2016 Fee Bill Revenue Summary						
Agency/Dept.	Administration		House		Senate	
	<i>Gen. Fund</i>	<i>Spec. Funds</i>	<i>Gen. Fund</i>	<i>Spec. Funds</i>	<i>Gen. Fund</i>	<i>Spec. Funds</i>
Agriculture	-	1,641,686	-	1,158,086	-	1,158,086
DFR- Business Entity Producers	-	21,960	-	21,960	-	21,960
Crime Victim Services	-	81,915	-	81,915	-	81,915
Public Safety	-	1,507,977	-	1,507,977	-	1,507,977
Liquor Control	41,596	258,577	41,596	413,969	41,596	273,969
Fish & Wildlife	-	40,927	-	40,927	-	40,927
DEC	-	-	-	-	-	-
Web Portal Board	-	-	-	-	-	-
Labor	-	-	-	-	-	-
Education	-	-	-	37,500	-	37,500
Department of Taxes	n/a	n/a	n/a	n/a	-	8,000
Subtotal by Fund	41,596	3,553,042	41,596	3,262,334	41,596	3,130,334
DFR- Mutual Fund Fee	13,200,000	-	20,790,000	-	20,790,000	-
DFR Securities Fees					2,908,450	
Total by Fund	13,241,596	3,553,042	20,831,596	3,262,334	23,740,046	3,130,334
Fee Bill Total		16,794,638		24,093,930		26,870,380