



STATE OF VERMONT

February 28, 2017

Rep. Janet Ancel
Chair, Committee on Ways and Means

Dear Rep. Ancel:

Please find attached the recommendations of the House Committee on Natural Resources and Fish and Wildlife (Committee) for generating revenue sufficient to satisfy the State's share of funding necessary to meet regulatory requirements for water quality improvements in the State.

The Committee spent significant time reviewing alternatives for revenue generation, including a list of potential revenue sources in the State Treasurer's Clean Water Report. The Committee believes the attached recommended revenue sources are sufficient to meet the State share of water quality financing, other than operating and maintenance costs, while not creating a significant burden on State taxpayers.

In addition to the recommended revenue sources, the Committee recommends creation of a working group to develop a per parcel, per acre, an impervious surface fee, or some combination thereof to be assessed on all property in the State. The Committee expects the fee to be effective by July 1, 2021. On that date, the attached recommended revenue sources would sunset. The recommended revenue sources also would not go into effect until July of 2019, the date when water quality funds from the State Treasurer are no longer available.

The recommended revenue sources are presented as draft legislation. The Committee on Natural Resources and Fish and Wildlife thanks you in advance for review by your committee of these recommendations. Members of the Committee will be available to answer questions or provide additional information.

Sincerely,

Rep. David Deen
On Behalf of the Committee on Natural Resources,
Fish and Wildlife

1 * * * Property Transfer Clean Water Surcharge; Extension of Sunset * * *

2 Sec. 1. 2015 Acts and Resolves No. 64, Sec. 39 is amended to read:

3 Sec. 39. ~~REPEAL OF CLEAN WATER SURCHARGE~~

4 ~~32 V.S.A. § 9602a (Clean Water Surcharge) shall be repealed on July 1,~~
5 ~~2018. [Repealed.]~~

6 * * * Water Quality Fines * * *

7 Sec. 2. 6 V.S.A. § 4995 is amended to read:

8 § 4995. CIVIL ENFORCEMENT

9 (a) The Secretary may bring an action in the Civil Division of the Superior
10 Court to enforce the requirements of this chapter, or rules adopted under this
11 chapter, or any permit or certification issued under this chapter, to assure
12 compliance, and to obtain penalties in the amounts described in subsection (b)
13 of this section. The action shall be brought by the Attorney General in the
14 name of the State.

15 (b) The Court may grant temporary and permanent injunctive relief, and
16 may:

17 * * *

18 (7) Levy a civil penalty as provided in this subdivision. A civil penalty
19 of not more than \$85,000.00 may be imposed for each violation. In addition,
20 in the case of a continuing violation, a penalty of not more than \$42,500.00
21 may be imposed for each day the violation continues. In fixing the amount of
22 the penalty, the Court shall apply the criteria set forth in subsections (e) and (f)

1 of this section. The cost of collection of penalties or other monetary awards
2 shall be assessed against and added to a penalty assessed against a respondent.

3 * * *

4 (e)(1) In determining the amount of the penalty provided in subsection (b)
5 of this section, the Court shall consider the following:

6 (A) the degree of actual or potential impact on public health, safety,
7 welfare, and the environment resulting from the violation;

8 (B) the presence of mitigating circumstances, including unreasonable
9 delay by the Secretary in seeking enforcement;

10 (C) whether the respondent knew or had reason to know the violation
11 existed;

12 (D) the respondent's record of compliance;

13 (E) the deterrent effect of the penalty;

14 (F) the State's actual costs of enforcement; and

15 (G) the length of time the violation has existed.

16 (2) In determining the amount of the penalty provided in subsection (b)
17 of this section, the Court may consider additional relevant factors.

18 (f) In addition to any penalty assessed under subsection (b) of this section,
19 the Secretary may also recapture economic benefit resulting from a violation.

20 (g) Civil penalties and recaptured economic benefit penalties collected
21 under this section shall be deposited in the Clean Water Fund established under
22 10 V.S.A. § 1388.

1 Sec. 3. 10 V.S.A § 8022 is added to read:

2 § 8022. DISPOSITION OF WATER QUALITY PENALTIES

3 Monetary penalties, including administrative penalties, civil citations, and
4 economic benefits collected under this chapter for a violation of chapter 47 of
5 this title or for violation of 6 V.S.A. chapter 215 shall be deposited in the
6 Clean Water Fund established under section 1388 of this title.

7 Sec. 4. 10 V.S.A. § 8221 is amended to read:

8 § 8221. CIVIL ENFORCEMENT

9 (a) The Secretary, or the Natural Resources Board with respect to matters
10 relating to land use permits under chapter 151 of this title only, may bring an
11 action in the Civil Division of the Superior Court to enforce the provisions of
12 law specified in subsection 8003(a) of this title, to ensure compliance, and to
13 obtain penalties in the amounts described in subsection (b) of this section. The
14 action shall be brought by the Attorney General in the name of the State.

15 (b) The court may grant temporary and permanent injunctive relief, and
16 may:

17 * * *

18 (6) Levy a civil penalty as provided in this subdivision. A civil penalty
19 of not more than \$85,000.00 may be imposed for each violation. In addition,
20 in the case of a continuing violation, a penalty of not more than \$42,500.00
21 may be imposed for each day the violation continues. In fixing the amount of
22 the penalty, the court shall apply the criteria set forth in subsections 8010(b)

1 and (c) of this title. The cost of collection of penalties or other monetary
2 awards shall be assessed against and added to a penalty assessed against a
3 respondent.

4 * * *

5 (e) Civil penalties collected under this section for a violation of chapter 47
6 of this title or for a violation of 6 V.S.A. chapter 215 shall be deposited in the
7 Clean Water Fund established under section 1388 of this title.

8 * * * Motor Vehicle Registration; Clean Water Fee * * *

9 Sec. 5. 23 V.S.A. § 360 is added to read:

10 § 360. CLEAN WATER FEE

11 (a) In addition to any other registration fee required under this subchapter,
12 a person registering a motor vehicle other than a trailer or semi-trailer shall be
13 assessed an annualized Clean Water Fee of \$10.00 at the time of first
14 registration and when registration is renewed.

15 (b) Fee proceeds collected under this section shall be deposited in the
16 Transportation Fund for disbursement to municipalities for environmental
17 conservation and mitigation projects related to stormwater and town highways.

18 * * * Clean Water Affinity Card * * *

19 Sec. 6. 32 V.S.A. § 584a is added to read:

20 § 584a. VERMONT CLEAN WATER AFFINITY CARD PROGRAM

21 (a) The State Treasurer shall establish and sponsor the Vermont Clean
22 Water Affinity Card Program for the benefit of water quality improvement in

1 the State upon a determination that a Vermont Clean Water Infinity Card may
2 be procured at rates and terms in the best interest of the cardholders.

3 (b) In selecting an affinity card issuer, the Treasurer shall consider the
4 issuer's record of investments in the State and shall take into consideration
5 program features that will enhance the promotion of the State-sponsored
6 affinity card, including consumer-friendly terms, favorable interest rates,
7 annual fees, and other fees for using the card.

8 (c) The Treasurer shall allow cardholders to designate that funds be used to
9 support water quality programs in the State. The net proceeds of the State fees
10 or royalties generated by the Vermont Clean Water Affinity Card Program
11 shall be transmitted to the State and shall be deposited in the Clean Water Fund
12 under 10 V.S.A. § 1388 for use for the purposes of that Fund. The funds
13 received by the Treasurer under the Vermont Clean Water Affinity Card
14 Program shall be held by the Treasurer until transferred for the purposes
15 directed by participating State-sponsored affinity cardholders in accordance
16 with the trust fund provisions of section 462 of this title.

17 (d) The State shall not assume any liability for lost or stolen credit cards
18 nor any other legal debt owed to the financial institutions.

19 (e) The State Treasurer is authorized to adopt such rules as may be
20 necessary to implement the Vermont Clean Water Affinity Card Program.

21 * * * Rooms, Meals, and Alcohol Tax; Occupancy Surcharge * * *

22 Sec. 7. 32 V.S.A. § 9241 is amended to read:

1 § 9241. IMPOSITION OF TAX

2 (a) An operator shall collect a tax of ~~nine~~ ten percent of the rent of each
3 occupancy.

4 (b) An operator shall collect a tax on the sale of each taxable meal at the
5 rate of ~~nine~~ ten percent of each full dollar of the total charge and on each sale
6 for less than one dollar and on each part of a dollar in excess of a full dollar in
7 accordance with the following formula:

8	\$0.01-0.11	\$0.01
9	0.12-0.22	0.02
10	0.23-0.33	0.03
11	0.34-0.44	0.04
12	0.45-0.55	0.05
13	0.56-0.66	0.06
14	0.67-0.77	0.07
15	0.78-0.88	0.08
16	0.89-1.00	0.09
17	<u>\$0.01-0.05</u>	<u>\$0.00</u>
18	<u>0.06-0.15</u>	<u>0.01</u>
19	<u>0.16-0.26</u>	<u>0.02</u>
20	<u>0.27-0.36</u>	<u>0.03</u>
21	<u>0.37-0.47</u>	<u>0.04</u>
22	<u>0.48-0.57</u>	<u>0.05</u>

1 0.58-0.68 0.06

2 0.69-0.78 0.07

3 0.79-0.89 0.08

4 0.90-0.99 0.09

5 (c) An operator shall collect a tax on each sale of alcoholic beverages at the
6 rate of ~~10~~ 11 percent of each full dollar of the total charge and on each sale for
7 less than one dollar and on each part of a dollar in excess of a full dollar in
8 accordance with the following formula:

9 ~~\$.01-.14~~ ~~\$.01~~

10 ~~.15-.24~~ ~~.02~~

11 ~~.25-.34~~ ~~.03~~

12 ~~.35-.44~~ ~~.04~~

13 ~~.45-.54~~ ~~.05~~

14 ~~.55-.64~~ ~~.06~~

15 ~~.65-.74~~ ~~.07~~

16 ~~.75-.84~~ ~~.08~~

17 ~~.85-.94~~ ~~.09~~

18 ~~.95-1.00~~ ~~.10~~

19 \$0.01-0.08 \$0.00

20 0.09-0.18 0.01

21 0.19-0.28 0.02

22 0.29-0.38 0.03

1 0.39-0.48 0.04

2 0.49-0.58 0.05

3 0.59-0.68 0.06

4 0.69-0.78 0.07

5 0.79-0.88 0.08

6 0.89-0.99 0.09

7 Sec. 8. 32 V.S.A. § 9242(c) is amended to read:

8 (c) A tax of ~~nine~~ 10 percent of the gross receipts from meals and
9 occupancies and ~~10~~ 11 percent of the gross receipts from alcoholic beverages,
10 exclusive of taxes collected pursuant to section 9241 of this title, received from
11 occupancy rentals, taxable meals and alcoholic beverages by an operator, is
12 hereby levied and imposed and shall be paid to the State by the operator as
13 herein provided. Every person required to file a return under this chapter shall,
14 at the time of filing the return, pay the Commissioner the taxes imposed by this
15 chapter as well as all other monies collected by him or her under this chapter;
16 provided, however, that every person who collects the taxes on taxable meals
17 and alcoholic beverages according to the tax bracket schedules of section 9241
18 of this title shall be allowed to retain any amount lawfully collected by the
19 person in excess of the tax imposed by this chapter as compensation for the
20 keeping of prescribed records and the proper account and remitting of taxes.

21 * * * Imposition of Sales and Use Tax on Certain Rentals * * *

22 Sec. 9. 32 V.S.A. § 9771(9) is added to read:

1 (9) charges for marina services and charges for limousine services.

2 Sec. 10. 32 V.S.A. § 9773(6) is added to read:

3 (6) charges for marina services and charges for limousine services.

4 Sec. 11. 32 V.S.A. § 9701 is amended to read:

5 § 9701. DEFINITIONS

6 Unless the context in which they occur requires otherwise, the following
7 terms when used in this chapter mean:

8 (1) “Person” means an individual, partnership, society, association, joint
9 stock company, corporation, public corporation or public authority, estate,
10 receiver, trustee, assignee, referee, and any other person acting in a fiduciary or
11 representative capacity, whether appointed by a court or otherwise, and any
12 combination of the foregoing.

13 (2) “Commissioner” means the State Commissioner of Taxes or any
14 officer or employee of the Department duly authorized by the Commissioner
15 (directly or indirectly by one or more redelegations of authority) to perform the
16 functions herein mentioned or described.

17 (3) “Purchaser” means a person who purchases property or who receives
18 services taxable under this chapter.

19 * * *

20 (55) “Limousine service” means a specialized transportation service
21 provided by a chauffeur-driven motor vehicle on a prearranged, charter basis.

1 “Limousine service” shall not mean a taxicab service or any service provided
2 between fixed points over regular routes at regular intervals.

3 (56) “Marina” means a commercial facility that for remuneration
4 provides secured moorings; dry storage for vessels; vessel supply and repair; or
5 other services for vessels.

6 * * * Disposition of Funds; Clean Water Fund; General Fund * * *

7 Sec. 12. 10 V.S.A. § 1388 is amended to read:

8 § 1388. CLEAN WATER FUND

9 (a) There is created a special fund to be known as the “Clean Water Fund”
10 to be administered by the Secretary of Administration. The Fund shall
11 consist of:

12 (1) revenues dedicated for deposit into the Fund by the General
13 Assembly, including:

14 (A) the Property Transfer Tax surcharge established under 32 V.S.A.
15 § 9602a;

16 (B) water quality fines collected under 6 V.S.A. § 4995 and sections
17 8022 and 8221 of this title;

18 (C) five percent of the meals, rooms, and alcohol taxes levied under
19 32 V.S.A. chapter 225; and

20 (D) 0.75 percent of the revenue from sales and use taxes levied
21 pursuant to 32 V.S.A. chapter 233; and

1 (2) other gifts, donations, and impact fees received from any source,
2 public or private, dedicated for deposit into the Fund and approved by the
3 Secretary of Administration.

4 (b) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7,
5 subchapter 5, unexpended balances and any earnings shall remain in the Fund
6 from year to year.

7 Sec. 13. 10 V.S.A. § 1389(e) is amended to read

8 (e) Priorities.

9 (1) In making recommendations under subsection (d) of this section
10 regarding the appropriate allocation of funds from the Clean Water Fund, the
11 Board shall prioritize:

12 (A) funding to programs and projects that address sources of water
13 pollution in waters listed as impaired on the list of waters established by
14 33 U.S.C. § 1313(d);

15 (B) funding to projects that address sources of water pollution
16 identified as a significant contributor of water quality pollution, including
17 financial assistance to grant recipients at the initiation of a funded project;

18 (C) funding to programs or projects that address or repair riparian
19 conditions that increase the risk of flooding or pose a threat to life or property;

20 (D) assistance required for State and municipal compliance with
21 stormwater requirements for highways and roads;

1 (E) funding for education and outreach regarding the implementation
2 of water quality requirements, including funding for education, outreach,
3 demonstration, and access to tools for the implementation of the Acceptable
4 Management Practices for Maintaining Water Quality on Logging Jobs in
5 Vermont, as adopted by the Commissioner of Forests, Parks and Recreation;

6 (F) funding for innovative or alternative technologies or practices
7 designed to improve water quality or reduce sources of pollution to surface
8 waters, including funding for innovative nutrient removal technologies and
9 community-based methane digesters that utilize manure, wastewater, and food
10 residuals to produce energy; ~~and~~

11 (G) funding to purchase agricultural land in order to take that land
12 out of practice when the State water quality requirements cannot be remediated
13 through agricultural Best Management Practices;

14 (H) ~~Funding~~ funding to municipalities for the establishment and
15 operation of stormwater utilities; and

16 (I) funding to farmers, farmer associations, or agricultural water
17 quality associations for agricultural water quality conservation and mitigation
18 projects and for transition to organic, regenerative, or pasture-based farming.

1 Sec. 14. 32 V.S.A. § 435 is amended to read:

2 § 435. GENERAL FUND

3 (a) There is established a General Fund which shall be the basic operating
4 fund of the State. The General Fund shall be used to finance all expenditures
5 for which no special revenues have otherwise been provided by law.

6 (b) The General Fund shall be composed of revenues from the following
7 sources:

8 (1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;

9 (2) [Repealed.]

10 (3) Electrical energy tax levied pursuant to chapter 213 of this title;

11 (4) Corporate income and franchise taxes levied pursuant to chapter 151
12 of this title;

13 (5) Individual income taxes levied pursuant to chapter 151 of this title;

14 (6) All corporation taxes levied pursuant to chapter 211 of this title;

15 (7) ~~Meals and~~ 95 percent of the meals, rooms, and alcohol taxes levied
16 pursuant to chapter 225 of this title;

17 (8) [Repealed.]

18 (9) Revenues from the Racing Fund consistent with 31 V.S.A.

19 § ~~611~~ 609;

20 (10) 33 percent of the revenue from the property transfer taxes levied
21 pursuant to chapter 231 of this title and the revenue from the gains taxes levied
22 each year pursuant to chapter 236 of this title;

1 (11) 65 percent of the revenue from sales and use taxes levied pursuant
2 to chapter 233 of this title;

3 (12) All other revenues accruing to the State not otherwise required by
4 law to be deposited in any other designated fund or used for any other
5 designated purpose.

6 * * * Working Group on Water Quality Funding * * *

7 Sec. 15. WORKING GROUP ON WATER QUALITY FUNDING

8 (a) Creation. There is created the Working Group on Water Quality
9 Funding to develop a recommended method of assessing a statewide
10 impervious surface fee, per parcel fee, per acre fee, or some combination of the
11 foregoing, in order to generate revenue to be deposited in the Clean Water
12 Fund under 10 V.S.A. § 1388 to fund water quality restoration and
13 conservation in the State.

14 (b) Membership. The Working Group shall be composed of the following
15 11 members:

16 (1) The Secretary of Administration or designee;

17 (2) one current member of the House of Representatives, who shall be
18 appointed by the Speaker of the House;

19 (3) one current member of the Senate, who shall be appointed by the
20 Committee on Committees;

21 (4) one member from the Vermont League of Cities and Towns,
22 appointed by the Board of Directors of that organization;

1 (5) one member from the Vermont Municipal Clerks and Treasurers
2 Association, appointed by the Executive Board of that organization;

3 (6) one member from the Vermont Mayor’s Coalition appointed by that
4 organization;

5 (7) one member representing commercial or industrial business interests
6 in the State, to be appointed by the Lake Champlain Regional Chamber of
7 Commerce, after consultation with other business groups in the State;

8 (8) the Commissioner of Environmental Conservation or designee;

9 (9) the Commissioner of Forests, Parks and Recreation or designee;

10 (10) a representative of an environmental advocacy group, appointed by
11 the Speaker of the House; and

12 (11) a representative of the agricultural community appointed by the
13 Vermont Association of Conservation Districts.

14 (c) Powers and duties. The Working Group on Water Quality Funding
15 shall recommend to the General Assembly draft legislation to establish a
16 statewide method of assessing an impervious surface fee, a per parcel fee, a per
17 acre fee, or some combination of the foregoing, in order to generate revenue to
18 fund water quality restoration and conservation in the State. In developing the
19 draft legislation, the Working Group shall address:

20 (1) whether the fee or fees shall be assessed on impervious surface, per
21 parcel, per acre, or some combination of the foregoing;

1 (2) whether the fee or fees shall be tiered to reflect the amount of
2 impervious surface, size of a parcel, acreage of a parcel, type of property,
3 usage of the property, impact of the property on water quality, or other factors;

4 (3) the amount of fee or fees to be assessed;

5 (4) how the fee or fees shall be collected and remitted to the State;

6 (5) whether any property shall be exempt from the fee or fees;

7 (6) how an owner of property subject to a municipal stormwater utility
8 fee or other revenue mechanism for funding water quality improvements shall
9 receive a credit or reduced fee for payment of the municipal fee; and

10 (7) how to provide for abatement, delinquency, and enforcement of the
11 required fee or fees.

12 (d) Assistance. The Working Group on Water Quality Funding shall have
13 the administrative, technical, and legal assistance of the Agency of
14 Administration and the Department of Taxes. The Working Group on Water
15 Quality Funding shall have the technical assistance of the Vermont Center for
16 Geographic Information or designee.

17 (e) Report. On or before January 15, 2018, the Working Group on Water
18 Quality Funding shall submit to the General Assembly a summary of its
19 activities and the draft legislation establishing a statewide method of assessing
20 an impervious surface fee, per parcel fee, per acre fee, or some combination of
21 the foregoing.

22 (f) Meetings.

1 (1) The Secretary of Administration shall call the first meeting of the
2 Working Group on Water Quality Funding to occur on or before July 1, 2017.

3 (2) The Secretary of Administration shall be the Chair of the Working
4 Group on Water Quality Funding.

5 (3) A majority of the membership shall constitute a quorum.

6 (4) The Working Group on Water Quality Funding shall cease to exist
7 on March 1, 2018.

8 (g) Reimbursement.

9 (1) For attendance at meetings during adjournment of the General
10 Assembly, legislative members of the Working Group on Water Quality
11 Funding shall be entitled to per diem compensation and reimbursement of
12 expenses pursuant to 2 V.S.A. § 406.

13 (2) Other members of the Working Group on Water Quality Funding
14 who are not employees of the State of Vermont and who are not otherwise
15 compensated or reimbursed for their attendance shall be entitled to per diem
16 compensation and reimbursement of expenses pursuant to 32 V.S.A. § 1010.

17 (h) Appropriation. The sum of \$75,000.00 is appropriated to the Secretary
18 of Administration from the Clean Water Fund in fiscal year 2018 for per diem
19 compensation and reimbursement of expenses for members of the Working
20 Group on Water Quality Funding and to allow the Working Group to contract
21 with staff to provide technical or administrative services not available from the
22 Secretary of Administration or the Executive Branch as a whole.

1 * * * Repeal; Clean Water Funding Provisions * * *

2 Sec. 16. 32 V.S.A. § 9241 is amended to read:

3 § 9241. IMPOSITION OF TAX

4 (a) An operator shall collect a tax of ~~ten~~ nine percent of the rent of each
5 occupancy.

6 (b) An operator shall collect a tax on the sale of each taxable meal at the
7 rate of ~~nine~~ ten percent of each full dollar of the total charge and on each sale
8 for less than one dollar and on each part of a dollar in excess of a full dollar in
9 accordance with the following formula:

10 ~~\$0.01-0.05~~ ~~\$0.00~~

11 ~~0.06-0.15~~ ~~0.01~~

12 ~~0.16-0.26~~ ~~0.02~~

13 ~~0.27-0.36~~ ~~0.03~~

14 ~~0.37-0.47~~ ~~0.04~~

15 ~~0.48-0.57~~ ~~0.05~~

16 ~~0.58-0.68~~ ~~0.06~~

17 ~~0.69-0.78~~ ~~0.07~~

18 ~~0.79-0.89~~ ~~0.08~~

19 ~~0.90-0.99~~ ~~0.09~~

20 \$0.01-0.11 \$0.01

21 0.12-0.22 0.02

22 0.23-0.33 0.03

1	<u>0.34-0.44</u>	<u>0.04</u>
2	<u>0.45-0.55</u>	<u>0.05</u>
3	<u>0.56-0.66</u>	<u>0.06</u>
4	<u>0.67-0.77</u>	<u>0.07</u>
5	<u>0.78-0.88</u>	<u>0.08</u>
6	<u>0.89-1.00</u>	<u>0.09</u>

7 (c) An operator shall collect a tax on each sale of alcoholic beverages at the
8 rate of ~~11~~ 10 percent of each full dollar of the total charge and on each sale for
9 less than one dollar and on each part of a dollar in excess of a full dollar in
10 accordance with the following formula:

11	\$0.01-0.08	\$0.00
12	0.09-0.18	0.01
13	0.19-0.28	0.02
14	0.29-0.38	0.03
15	0.39-0.48	0.04
16	0.49-0.58	0.05
17	0.59-0.68	0.06
18	0.69-0.78	0.07
19	0.79-0.88	0.08
20	0.89-0.99	0.09

21	<u>\$0.01-0.14</u>	<u>\$0.01</u>
22	<u>0.15-0.24</u>	<u>0.02</u>

1	<u>0.25-0.34</u>	<u>0.03</u>
2	<u>0.35-0.44</u>	<u>0.04</u>
3	<u>0.45-0.54</u>	<u>0.05</u>
4	<u>0.55-0.64</u>	<u>0.06</u>
5	<u>0.65-0.74</u>	<u>0.07</u>
6	<u>0.75-0.84</u>	<u>0.08</u>
7	<u>0.85-0.94</u>	<u>0.09</u>
8	<u>0.95-1.00</u>	<u>0.10</u>

9 Sec. 17. 32 V.S.A. § 9242(c) is amended to read:

10 (c) A tax of ~~10~~ nine percent of the gross receipts from meals and
11 occupancies and ~~11~~ 10 percent of the gross receipts from alcoholic beverages,
12 exclusive of taxes collected pursuant to section 9241 of this title, received from
13 occupancy rentals, taxable meals and alcoholic beverages by an operator, is
14 hereby levied and imposed and shall be paid to the State by the operator as
15 herein provided. Every person required to file a return under this chapter shall,
16 at the time of filing the return, pay the Commissioner the taxes imposed by this
17 chapter as well as all other monies collected by him or her under this chapter;
18 provided, however, that every person who collects the taxes on taxable meals
19 and alcoholic beverages according to the tax bracket schedules of section 9241
20 of this title shall be allowed to retain any amount lawfully collected by the
21 person in excess of the tax imposed by this chapter as compensation for the
22 keeping of prescribed records and the proper account and remitting of taxes.

1 Sec. 18. 10 V.S.A. § 1388 is amended to read:

2 § 1388. CLEAN WATER FUND

3 (a) There is created a special fund to be known as the “Clean Water Fund”
4 to be administered by the Secretary of Administration. The Fund shall
5 consist of:

6 (1) revenues dedicated for deposit into the Fund by the General
7 Assembly, including:

8 ~~(A) the Property Transfer Tax surcharge established under 32 V.S.A.~~
9 ~~§ 9602a;~~

10 ~~(B) water quality fines collected under 6 V.S.A. § 4995 and sections~~
11 ~~8022 and 8221 of this title;~~

12 ~~(C) five percent of the meals, rooms, and alcohol taxes levied under~~
13 ~~32 V.S.A. chapter 225; and~~

14 ~~(D) 0.75 percent of the revenue from sales and use taxes levied~~
15 ~~pursuant to chapter 233 of title 32; and~~

16 (2) other gifts, donations, and impact fees received from any source,
17 public or private, dedicated for deposit into the Fund and approved by the
18 Secretary of Administration.

19 (b) Notwithstanding any contrary provisions of 32 V.S.A. chapter 7,
20 subchapter 5, unexpended balances and any earnings shall remain in the Fund
21 from year to year.

1 Sec. 19. 32 V.S.A. § 435 is amended to read:

2 § 435. GENERAL FUND

3 (a) There is established a General Fund which shall be the basic operating
4 fund of the State. The General Fund shall be used to finance all expenditures
5 for which no special revenues have otherwise been provided by law.

6 (b) The General Fund shall be composed of revenues from the following
7 sources:

8 (1) Alcoholic beverage tax levied pursuant to 7 V.S.A. chapter 15;

9 (2) [Repealed.]

10 (3) Electrical energy tax levied pursuant to chapter 213 of this title;

11 (4) Corporate income and franchise taxes levied pursuant to chapter 151
12 of this title;

13 (5) Individual income taxes levied pursuant to chapter 151 of this title;

14 (6) All corporation taxes levied pursuant to chapter 211 of this title;

15 (7) ~~95 percent of the meals;~~ Meals, rooms, and alcohol taxes levied
16 pursuant to chapter 225 of this title;

17 (8) [Repealed.]

18 (9) Revenues from the Racing Fund consistent with 31 V.S.A. § 609;

19 (10) 33 percent of the revenue from the property transfer taxes levied
20 pursuant to chapter 231 of this title and the revenue from the gains taxes levied
21 each year pursuant to chapter 236 of this title;

1 (11) 65 percent of the revenue from sales and use taxes levied pursuant
2 to chapter 233 of this title;

3 (12) All other revenues accruing to the State not otherwise required by
4 law to be deposited in any other designated fund or used for any other
5 designated purpose.

6 Sec. 20. REPEAL; CLEAN WATER FUNDING PROVISIONS

7 The following shall be repealed on July 1, 2021:

8 (1) 6 V.S.A. § 4995(g) (agricultural water quality fines; Clean Water
9 Fund);

10 (2) 10 V.S.A. § 8022 (ANR water quality fines; Clean Water Fund);

11 (3) 10 V.S.A. § 8221(e) (Attorney General water quality fines; Clean
12 Water Fund);

13 (4) 23 V.S.A. § 360 (Clean Water Fee; motor vehicle registration);

14 (5) 32 V.S.A. § 9771(9) (sales tax; rental activities); and

15 (6) 32 V.S.A. § 9773(6) (use tax; rental activities).

16 * * * Effective Dates * * *

17 Sec. 21. EFFECTIVE DATES

18 (a) This section and Sec. 15 (Working Group on Water Quality Funding)
19 shall take effect on passage.

20 (b) The following sections shall take effect on July 1, 2019:

21 (1) Sec. 5 (Clean Water Fee; motor vehicle registration);

22 (2) Secs. 7 and 8 (rooms, meals, and alcohol tax); and

1 (3) Secs. 9 and 10 (sales and use tax rental).

2 (c) Secs. 16–20 (repeal and reversion of clean water fees and taxes) shall
3 take effect on July 1, 2021.

4 (d) All other sections shall take effect on July 1, 2017.

House Natural Resources, Fish and Wildlife
Draft 3.5 Clean Water Funding Bill: February 24 Summary of Proposed Revenue Sections

Bill Section	Subject Matter	Estimated Revenue Generated Annually	Disposition
Sec. 1	Repeals sunset of 0.2% Clean Water Surcharge on Property Transfer Tax	\$4.7m to \$5m	Clean Water Fund
Sec. 2	Directs that fines collected by Agency of Agriculture for water quality violations be deposited in Clean Water Fund	\$175,000 to \$225,000	Clean Water Fund
Sec. 3	Directs that fines collected by ANR for water quality violations be deposited in Clean Water Fund	\$200,000	Clean Water Fund
Sec. 4	Directs that fines collected by Attorney General for water quality violations be deposited in Clean Water Fund	No estimate available	Clean Water Fund
Sec. 5	\$10.00 Annualized Clean Water Fee on Motor Vehicle Registration	\$6m	Transportation Fund for State and municipal management of stormwater from roads
Sec. 6	Clean Water Affinity Card	Minimal	Clean Water Fund
Sec. 7	1% increase in rooms tax to 10% 1% increase in meals tax to 10% 1% increase in alcohol tax to 11%	\$5.3m rooms \$11.7m meals <u>\$1.9m alcohol</u> \$18.9m total	95% of rooms, meals, alcohol tax deposited in General Fund 5% of rooms, meals, alcohol tax deposited in Clean Water Fund

Bill Section	Subject Matter	Estimated Revenue Generated Annually	Disposition
Sec. 9	Application of sales tax to rental of marina slip spaces, and limousine services	\$610,000 limos <u>\$210,000 marinas</u> \$820,000 total	0.75 percent of the revenue from sales and use taxes deposited in Clean Water Fund
Sec. 10	Application of use tax to rental of marina slip spaces and limousine services	No estimate provided	0.75 percent of the revenue from sales and use taxes deposited in Clean Water Fund
Sec. 15	Working Group on Water Quality to recommend assessment of statewide impervious surface fee, or per parcel fee, or both	Estimate depends on recommended legislation	To be determined
Secs. 16 to 20	Repeals Secs. 1, 2, 3, 4, 5, 7, 9, and 10 on July 1, 2021 when a statewide assessment recommended by the Working Group on Water Quality would be in place.	None	N/A
Total Estimated Revenue		Between \$30.8m and \$31.1m annually	

State Treasurer estimates the 20 year total clean water costs at \$2.3b. Existing revenue streams produce \$1.06b a year, leaving a 20 year total gap of \$1.25b. Annual compliance costs, other than operation and maintenance costs, are estimated at \$115.6m, with existing annual revenue at \$53.2m, leaving a gap of \$62.4m per year, which includes all public and private costs, such as costs to developers and farms. State share of the gap is estimated to be \$25m to \$30m a year.