

Vermont Legislative Joint Fiscal Office

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Draft FISCAL NOTE

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S.34 An Act Relating to Cross-Promoting Development Incentives and State Policy Goals

Sec. 1-2 Rural Economic Development Team

These two sections establish and fund a rural economic development team within the Vermont Housing and Conservation Board (VHCB). Individual positions are not created in this bill. The positions on the team would be funded through an appropriation of \$300,000 in FY 2018 from the Vermont Housing and Conservation Fund. This appropriation would create pressure on either VHCB or the General Fund to make cuts in other areas in order to spend on the newly created Rural Economic Development Team. **Cost: \$300k annually General Fund or Special Fund**

Sec. 3 Vermont Milk Commission

This section reconvenes the Vermont Milk Commission in order to create an amendment or replacement for the existing Milk Marketing Order. The existing statute authorizes 8 members of the committee not including the Secretary of Agriculture, Food and Markets (2 Legislative and 6 public). This estimate assumes five total meetings prior to the January 15, 2018 deadline for submitting a proposal to the Legislature. **Cost: \$5-6k FY18 General Fund**

Sec. 4-6 Energy Efficiency Charge

Manufacturing facilities located in "industrial parks" as defined in 10 VSA Ch. 151 or 24 VSA Ch. 117 would be eligible to self-administer energy efficiency programs in lieu of paying the energy efficiency charge (EEC). The facility would need to invest the equivalent of 75% of its most recent EEC amount over each successive three-year period in order to remain eligible for self-administration of its energy efficiency programs. This provision would result in a loss of EEC funding available for energy efficiency utility (EEU) programs. JFO is still in the process of establishing a cost estimate for this provision.

Sec. 7 Department of Environmental Conservation (DEC) Permitting Fees

This section of the bill would alter DEC's fee collection capabilities in the following ways:

1. All fees falling under 3 VSA §2822 would be discounted by 25% for projects located in "industrial parks" as defined in 10 VSA Ch. 151 or in 10 VSA section 212. DEC does not currently track permitted developments by type of use so the number that we received only includes permits that can definitely be identified as industrial uses. **Cost: approximately \$140-200k Special Fund annually**
2. An air contaminant source would be exempt from base registration fees and annual renewal fees relating to air pollution control permits/registrations under 3 VSA §2822(j)(1)(A) and (B) if the source is from anaerobic digestion of certain types of products. DEC currently registers 15 digester projects on an annual basis that would be exempt from paying air contaminant fees going forward, as would any future digester projects. **Cost: approximately \$50k Special Fund annually**

3. A maximum permit fee of \$10,000 would apply to individual class A and B stormwater discharge permit applications, residually designated Class A and B stormwater discharge applications, Class A and B individual stormwater permit annual renewals, and residually designated Class B annual renewals. This provision would mainly impact future fee collections when the impervious surface permit requirements of Act 64 go into effect (2023 for the Champlain Basin and 2028 for the rest of the State). **Cost: \$6,000 annually Special Fund + \$400-450k of foregone one-time impervious surface permit revenue in future years.**

Sec. 8 Phosphorous Removal Technology

This provision adds the purchase of phosphorous removal technology to the list of purchases eligible for capital equipment assistance funding through the Agency of Agriculture, Food and Markets. Although this would add new competition for the Agency's existing grant funding pool, because this bill does not authorize additional grant fund appropriations for the Agency there is no cost estimated for this provision.

Sec. 9 Forestry Equipment Sales Tax

This section would establish a sales tax exemption for the purchase of equipment to be used for the commercial cutting or removal of timber. The exemption would only apply if the equipment will be used predominately for commercial purposes (75% or more of the time). The current language gives a very broad definition of what might be exempt from the sales tax under this provision. As such the cost estimate given reflects only the cost of exempting "capital expenditures" from the sales tax. Exempting other, non-capital expenditures would create additional costs that are not reflected in this fiscal note. **Cost: \$100-200k - 65% General Fund and 35% Education Fund annually**

¹ From the [Census.gov](https://www.census.gov) "Glossary of Terms," a capital expenditure includes the following, "...New and used machinery and equipment used for replacement and additions to plant capacity, if they are of the type for which depreciation, depletion, or (for mining establishments) Office of Minerals Exploration accounts are ordinarily maintained. In addition, for mining establishments, these data include expenditures made during the year for development and exploration of mineral properties..."