

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 260 entitled “An act relating to funding the cleanup of State waters”
4 respectfully reports that it has considered the same and recommends that the
5 House propose to the Senate that the bill be amended as follows:

6 First: By striking out Secs. 1-4 in their entirety and inserting in lieu thereof
7 the following new Secs. 1-4b:

8 * * * Clean Water Funding * * *

9 Sec. 1. FINDINGS

10 The General Assembly finds that:

11 (1) Within Vermont there are 7,100 miles of rivers and streams and
12 812 lakes and ponds of at least five acres in size.

13 (2) Currently, over 350 waters or water segments in the State do not
14 meet water quality standards, are at risk of not meeting water quality standards,
15 or are altered due to the presence of aquatic nuisances.

16 (3) In 2015, the General Assembly enacted 2015 Acts and Resolves
17 No. 64, an act relating to improving the quality of State waters (Act 64), for the
18 purpose, among others, of providing mechanisms, staffing, and financing
19 necessary for the State to achieve and maintain compliance with the Vermont
20 Water Quality Standards for all State waters.

1 (4) Act 64 directed the State Treasurer to recommend to the General
2 Assembly a long-term mechanism for financing water quality improvement in
3 the State, including proposed revenue sources for water quality improvement
4 programs.

5 (5) The State Treasurer submitted a Clean Water Report in January 2017
6 that included:

7 (A) an estimate that over 20 years it would cost \$2.3 billion to
8 achieve compliance with water quality requirements;

9 (B) a projection that revenue available for water quality over the 20-
10 year period would be approximately \$1.06 billion, leaving a 20-year total
11 funding gap of \$1.3 billion;

12 (C) an estimate of annual compliance costs of \$115.6 million, which,
13 after accounting for projected revenue, would leave a funding gap of
14 \$48.5 million to pay for the costs of compliance with the first tier of federal
15 and State water quality requirements; and

16 (D) a financing plan to provide more than \$25 million annually in
17 additional State funds for water quality programs.

18 (6) After determining that a method to achieve equitable and effective
19 long-term funding methods to support clean water efforts in Vermont was
20 necessary, the General Assembly established in 2017 Acts and Resolves

1 No. 73, Sec. 26 the Working Group on Water Quality Funding to develop draft
2 legislation to accomplish this purpose.

3 (7) The Act 73 Working Group did not recommend a long-term funding
4 method to support clean water efforts in Vermont and instead recommended
5 that the General Assembly maintain a Capital Bill clean water investment of
6 \$15 million a year through fiscal years 2020 and 2021.

7 (8) In the years beyond fiscal year 2021, the Act 73 Working Group
8 acknowledged that capital funds would need to be reduced to \$10 to \$12
9 million a year and that additional revenues would need to be raised.

10 (9) The U.S. Environmental Protection Agency (EPA) in a letter to the
11 General Assembly stated that it is important for the State of Vermont to
12 establish a long-term revenue source to support water quality improvement in
13 order to comply with the accountability framework of the Lake Champlain
14 Total Maximum Daily Load plan.

15 (10) The General Assembly should in this act establish the necessary
16 long-term revenue sources to support water quality improvement and should
17 encourage the Executive Branch and other interested parties to propose
18 additional or alternative revenue sources sufficient to achieve the State goals
19 for water quality improvement.

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* * * Rooms and Meals Tax * * *

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

§ 9241. IMPOSITION OF TAX

(a) An operator shall collect a tax of nine and one quarter percent of the rent of each occupancy.

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

\$0.01-0.11	\$0.01
0.12-0.22	0.02
0.23-0.33	0.03
0.34-0.44	0.04
0.45-0.55	0.05
0.56-0.66	0.06
0.67-0.77	0.07
0.78-0.88	0.08
0.89-1.00	0.09
<u>0.01-0.11</u>	<u>0.01</u>
<u>0.12-0.22</u>	<u>0.02</u>
<u>0.23-0.32</u>	<u>0.03</u>

1	<u>0.33-0.43</u>	<u>0.04</u>
2	<u>0.44-0.54</u>	<u>0.05</u>
3	<u>0.55-0.65</u>	<u>0.06</u>
4	<u>0.66-0.76</u>	<u>0.07</u>
5	<u>0.77-0.86</u>	<u>0.08</u>
6	<u>0.87-1.00</u>	<u>0.09</u>

7 * * *

8 Sec. 3. 32 V.S.A. § 9242(c) is amended to read:

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

1 * * * Unclaimed Beverage Container Deposits * * *

2 Sec. 4. 10 V.S.A. § 1530 is added to read:

3 § 1530. ABANDONED BEVERAGE CONTAINER DEPOSITS; DEPOSIT
4 TRANSACTION ACCOUNT; ESCHEATS

5 (a) As used in this section, “deposit initiator” means the first distributor or
6 manufacturer to collect the deposit on a beverage container sold to any person
7 within the State.

8 (b) A deposit initiator shall open a separate interest-bearing account in a
9 Vermont branch of a financial institution to be known as the deposit
10 transaction account. The deposit initiator shall keep the deposit transaction
11 account separate from all other revenues and accounts.

12 (c) Beginning on October 1, 2019, each deposit initiator shall deposit in its
13 deposit transaction account the refund value established by section 1522 of this
14 title for all beverage containers sold by the deposit initiator. The deposit
15 initiator shall deposit the refund value for each beverage container in the
16 account not more than three business days after the date on which the beverage
17 container is sold. All interest, dividends, and returns earned on the deposit
18 transaction account shall be paid directly to the account. The deposit initiator
19 shall pay all refunds on returned beverage containers from the deposit
20 transaction account.

1 (d) Beginning on January 1, 2020, and quarterly thereafter, every deposit
2 initiator shall report to the Secretary of Natural Resources and the
3 Commissioner of Taxes concerning transactions affecting the deposit
4 initiator's deposit transaction account in the preceding quarter. The deposit
5 initiator shall submit the report on a form provided by the Commissioner of
6 Taxes. The report shall include:

7 (1) the balance of the account at the beginning of the preceding quarter;

8 (2) the number of beverage containers sold in the preceding quarter and
9 the number of beverage containers returned in the preceding quarter;

10 (3) the amount of beverage container deposits received by the deposit
11 initiator and deposited into the deposit transaction account;

12 (4) the amount of refund payments made from the deposit transaction
13 account in the preceding quarter;

14 (5) any income earned on the deposit transaction account in the
15 preceding quarter;

16 (6) any other transactions, withdrawals, or service charges on the
17 deposit transaction account from the preceding quarter; and

18 (7) any additional information required by the Commissioner of Taxes.

19 (e)(1) On or before January 1, 2020, and quarterly thereafter, each deposit
20 initiator shall remit from its deposit transaction account to the Commissioner
21 of Taxes any abandoned beverage container deposits from the preceding

1 quarter. The amount of abandoned beverage container deposits for a quarter is
2 the amount equal to the amount of deposits that should be in the deposit
3 transaction account less the sum of:

4 (A) income earned on amounts on the account during that
5 quarter; and

6 (B) the total amount of refund value paid out by the deposit initiator
7 for beverage containers during that quarter.

8 (2) In any calendar quarter, the deposit initiator may submit to the
9 Commissioner of Taxes a request for reimbursement of refunds paid under this
10 chapter that exceed the funds that are or should be in the deposit initiator's
11 deposit transaction account. The Commissioner of Taxes shall pay a request
12 for reimbursement under this subdivision from the funds remitted to the
13 Commissioner under subdivision (1) of this subsection, provided that:

14 (A) the Commissioner determines that the funds in the deposit
15 initiator's deposit transaction action are insufficient to pay the refunds on
16 returned beverage containers; and

17 (B) a reimbursement paid by the Commissioner to the deposit
18 initiator shall not exceed the amount paid by the deposit initiator under
19 subdivision (1) of this subsection (e) in the preceding 12 months less amounts
20 paid to the initiator pursuant to this subdivision (2) during that same 12-month
21 period.

1 (f) The Secretary of Natural Resources may prohibit the sale of a beverage
2 that is sold or distributed in the State by a deposit initiator who fails to comply
3 with the requirements of this chapter. The Secretary may allow the sale of a
4 beverage upon the deposit initiator’s coming into compliance with the
5 requirements of this chapter.

6 * * * Clean Water Fund; General Fund; * * *

7 Sec. 4a. 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~~ from the Property Transfer Tax surcharge established
14 under 32 V.S.A. § 9602a; ~~and~~

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

18 (3) the amount equal to the increase from nine percent to nine and one-
19 quarter percent of the rooms tax imposed by 32 V.S.A. § 9241(a) and the
20 revenue from the increase from nine percent to nine and one-quarter percent of
21 the meals tax imposed by 32 V.S.A. § 9241(b);

- 1 (4) the unclaimed beverage container deposits (escheats) remitted to the
2 State under chapter 53 of this title; and
3 (5) other revenues dedicated for deposit into the Fund by the General
4 Assembly.

5 * * *

6 Sec. 4b. 32 V.S.A. § 435 is amended to read:

7 § 435. GENERAL FUND

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

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

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

14 * * *

15 (7) Meals and rooms taxes levied pursuant to chapter 225 of this title
16 less the amount deposited in the Clean Water Fund under 10 V.S.A. § 1388;

17 * * *

1 Second: By striking out Sec. 13 in its entirety and inserting in lieu thereof a
2 new Sec. 13 to read as follows:

3 Sec. 13. EFFECTIVE DATES

4 This act shall take effect on passage, except that Secs. 2–3 (rooms and
5 meals tax), 4a (Clean Water Fund), and 4b (General Fund) shall take effect on
6 January 1, 2020.

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8

9 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE