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Yellow Highlight = Proposed language if municipality is collection mechanism

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1 Introduced by
2 Referred to Committee on
3 Date:
4 Subject: Conservation and development; taxation; water resources; funding for
5 water quality improvement
6 Statement of purpose of bill as introduced: This bill proposes to establish
7 funding mechanisms to pay for water quality improvements in the State.

8 An act relating to clean water funding

9 It is hereby enacted by the General Assembly of the State of Vermont:

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

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

12 Sec. 39. REPEAL OF CLEAN WATER SURCHARGE

13 32 V.S.A. § 9602a (Clean Water Surcharge) shall be repealed on July 1,
14 ~~2018~~ 2019.

15 * * * Clean Water Per Parcel Surcharge * * *

16 Sec. 2. 32 V.S.A. chapter 245 is added to read:

17 CHAPTER 245. CLEAN WATER PER PARCEL SURCHARGE

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1 § 10501. DEFINITIONS

2 As used in this chapter:

3 **[(1) “Municipality” means a city, town, or village.]**

4 (2) “Parcel” shall have the same meaning as set forth in section 4152 of
5 this title.

6 § 10502. CLEAN WATER PER PARCEL SURCHARGE

7 (a) Per parcel surcharge.

8 (1) An annual Clean Water Per Parcel Surcharge shall be assessed on
9 every parcel in the State as follows:

10 (A) For parcels of [? acres, \$?.00];

11 (B) For parcels of [? acres or more, \$?.00].

12 (2) The surcharge assessed under this subsection shall apply to a parcel
13 exempt from taxation under 3802 of this title.

14 (b) Exemption. [A municipality] [The Commissioner of Taxes] shall not
15 assess the surcharge established under subsection (a) of this section to property
16 within the limits of a railroad track right-of-way, provided that the

17 [municipality] [Commissioner of Taxes] shall assess the surcharge on parcels
18 on which railroad stations, maintenance buildings, or other developed land
19 used for railroad purposes is located.

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1 (c) Maximum surcharge. The maximum surcharge assessed under this
2 section on any one person shall be [\$.00] per calendar year.

3 § 10503. ASSESSMENT AND COLLECTION OF SURCHARGE

4 (a) Collection. Beginning on July 1, 201?, the Clean Water Per Parcel
5 Surcharge shall be assessed and collected [as part of the tax bill issued under
6 subsection 5402(b) of this title] [by the Commissioner of Taxes as a separate
7 bill]. [The tax bill issued under subsection 5402(b) shall specifically list the
8 surcharge assessed under this section as the “Clean Water Per Parcel
9 Surcharge,” and the surcharge shall be listed separately from the tax collected.]

10 [(b) Remittance. The treasurer of each municipality shall remit the
11 collected surcharges to the State Treasurer in two payments due on
12 December 1 and June 1 of each year for deposit in the Clean Water Fund.]

13 [(c) Insufficient payment; municipal liability. In case of insufficient
14 payment of the Clean Water Per Parcel Surcharge by a parcel owner to a
15 municipality, the municipality shall not be required to remit to the State the
16 amount of full liability for all parcels within the municipality, provided that the
17 municipality submits to the Commissioner of Taxes a list of those parcel
18 owners who are delinquent in the payment of the per parcel surcharge.]

19 (d) Offset of delinquent payment. The Commissioner of Taxes may under
20 subchapter 12 of chapter 151 of this title offset any delinquent per parcel

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1 surcharge assessed under this section against any refund owed the delinquent
2 taxpayer, including, notwithstanding the monetary limit of section 5933(a) of
3 this title, an amount of less than \$50.00.

4 [(e) Abatement. A person may seek and a municipality may grant
5 abatement under 24 V.S.A. § 1535 of a surcharge assessed under this section.]

6 [(f) Form or format of payment. The Department of Taxes shall specify the
7 form or format for the remission by municipalities of collected per parcel
8 surcharges.]

9 (g) Disposition. The Commissioner shall deposit all surcharges collected
10 under this section in the Clean Water Fund, established under 10 V.S.A.
11 § 1387, for the authorized uses of that Fund.

12 **§ 10504. MUNICIPAL GUIDANCE**

13 [(a) Department of Taxes procedure. The Department of Taxes shall, after
14 consultation with municipal officials or representatives of municipal officials,
15 issue a procedure regarding the process for collection of the Clean Water Fund
16 per parcel surcharge as part of the tax bill issued under subsection 5402(b) of
17 this title. In the procedure, the Department shall address how parcels are
18 assessed, remittance, and enforcement of the Clean Water Fund per parcel
19 surcharge, including how frequently a municipality may remit to the
20 Department the surcharges collected under this section. The Department also

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1 shall include in the procedure guidance for municipalities regarding whether a
2 surcharge paid under this section is tax deductible.]

3 [(b) Education and outreach. The Department shall hold educational
4 meetings or prepare educational materials for municipal officials regarding the
5 requirements of this section.]

6 Sec. 3. REPEAL OF CLEAN WATER PER PARCEL SURCHARGE

7 32 V.S.A. § 10502 (Clean Water Per Parcel Surcharge) shall be repealed on
8 [July 1, 202?].

9 * * * Impervious Surface Assessment * * *

10 Sec. 4. 32 V.S.A. chapter 246 is added to read:

11 CHAPTER 246. IMPERVIOUS SURFACE ASSESSMENT

12 § 10601. DEFINITIONS

13 As used in this chapter:

14 (1) “Base equivalent residential unit” or “ERU” means the square
15 footage that represents the median of the area of impervious surface for all
16 single family residences in the State.

17 (2) “Commercial property” means real property listed as commercial
18 property by a municipality **because the highest and best use of the real**
19 **property is providing goods and services for sale.** “Commercial property”
20 includes retail stores, malls, motels, hotels, filling stations, restaurants, office

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1 buildings, bowling alleys, and golf courses. Commercial property does not
2 mean industrial property.

3 (3) “Commissioner” means the Commissioner of Taxes.

4 (4) “Detached” means a building that sits on its own parcel and does not
5 share a two or more walls with another building.

6 (5) “Developed property” means any property that is altered from a
7 natural state by construction of or installation of more than 500 square feet of
8 impervious surface.

9 (6) “Farming” means:

10 (A) the cultivation or other use of land for growing food, fiber,

11 Christmas trees, maple sap, or horticultural and orchard crops;

12 (B) the raising, feeding, or management of livestock, poultry, fish,
13 or bees;

14 (C) the operation of greenhouses;

15 (D) the production of maple syrup;

16 (E) the on-site storage, preparation, production, and sale of fuel or
17 power from agricultural products principally produced on the farm; or

18 (F) the raising, feeding, or management of four or more equines
19 owned or boarded by the farmer, including training, showing, and providing
20 instruction and lessons in riding, training, and the management of equines.

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1 (7) “Impervious surface” means those manmade surfaces, including
2 paved and unpaved roads, parking areas, roofs, driveways, and walkways, from
3 which precipitation runs off rather than infiltrates.

4 (8) “Industrial property” means real property listed as industrial property
5 by a municipality because the highest and best use of the property is the
6 production of a product from raw materials, rather than a product or service
7 simply being sold. Industrial property includes all property used by a utility
8 for the provision of that regulated service, including a gas pipeline, water
9 treatment plant, or electric generation facility, but not administrative offices of
10 a utility.

11 (9) “Parcel” shall have the same meaning as set forth in section 4152 of
12 this title.

13 (10) “Residential property” means a detached single family home, a
14 detached duplex, and a detached triplex.

15 § 10602. IMPERVIOUS SURFACE AREA MAPS

16 (a) Publication of impervious surface area maps. The Vermont Center for
17 Geographic Information annually shall publish the State Impervious Surface
18 Area Map. The map shall indicate or display:

19 (1) the impervious surface area in each municipality of the State;

20 [(2) ?]

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1 (b) Petition to remove. A property owner or municipality may petition the
2 Director of the Vermont Center for Geographic Information to remove or
3 amend impervious surface area displayed on the State Impervious Surface
4 Area Map due to an inaccurate determination of the size or location of
5 impervious surface area on a parcel of property.

6 § 10603. IMPERVIOUS SURFACE ASSESSMENT; PAYMENT

7 (a) Establishment of impervious surface assessment. [Each municipality in
8 the State] [The Department of Taxes] shall collect an annual impervious
9 surface assessment from every owner of developed property in the State,
10 including property exempt from taxation under 3802 of this title.

11 (b) Exemptions. The following property is exempt from the assessment
12 established under subsection (a):

13 (1) property within the limits of a railroad track right-of-way, provided
14 that the property on which railroad stations, maintenance buildings, or other
15 developed land used for railroad purposes is located shall not be exempt; and

16 **[(2) Farming].**

17 (c) Calculation of base ERU. On or before January 1, ?, [Each
18 municipality in the State] [The Department of Taxes] shall establish the base
19 ERU for the [municipality] [State].

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1 (d) Amount of impervious surface assessment; residential property.

2 (1) [A municipality] [the Department] [\$0.00 per square footage of
3 impervious surface] allocated to the property.

4 OR

5 (1) [A municipality] [the Department] shall assess residential property
6 at [\$.00 times the number of base ERUs].

7 (2) [A municipality] [the Department] [If using ERU: The
8 Department shall assess a detached single family residence at one base
9 ERU, a detached duplex at one-half of the base ERU, and a detached
10 triplex at one-third of the base ERU.]

11 (e) Amount of impervious surface assessment; commercial or industrial
12 property.

13 [(1) [A municipality] [the Department] shall assess commercial
14 property and industrial property at [\$0.00 per square footage of
15 impervious surface] allocated to the property.]

16 OR

17 [(1) [A municipality] [the Department] shall assess commercial
18 property and industrial property at [\$.00 times the number of
19 nonresidential ERUs]:

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1 **(A) The amount of impervious surface on each parcel shall be**
2 **divided by the gross area of the parcel resulting in the percent of**
3 **imperviousness for the parcel.**

4 **(B) Based on the percent imperviousness, the [A municipality] [the**
5 **Department] shall determine a “tier factor” based on the following**
6 **categories:**

<u>Impervious Percentage</u>	<u>Tier Factor</u>
<u>1 to 10%</u>	<u>0.10</u>
<u>11 to 20%</u>	<u>0.15</u>
<u>21 to 30%</u>	<u>0.25</u>
<u>31 to 40%</u>	<u>0.35</u>
<u>41 to 50%</u>	<u>0.45</u>
<u>51 to 60%</u>	<u>0.55</u>
<u>61 to 70%</u>	<u>0.65</u>
<u>71 to 80%</u>	<u>0.75</u>
<u>81 to 90%</u>	<u>0.85</u>
<u>91 to 100%</u>	<u>0.95</u>

7 **(C) [A municipality] [the Department] shall multiply the gross area**
8 **of the parcel by the tier factor; the sum of which, [A municipality] [the**

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1 Department shall divide by the base ERU. A municipality The
2 Department shall round the resulting value up to the nearest whole
3 number, which shall be the number of nonresidential ERUs for the
4 property.

5 (g) Credits. The A municipality the Department shall reduce the fee
6 assessed under this section by:

7 (1) If Department the annual amount of a municipal stormwater utility
8 or impervious surface fee paid by an owner of developed property.

9 [(2) Other?]

10 § 10604. COLLECTION OF ASSESSMENT

11 (a) Collection. Beginning on July 1, 201?, the Impervious Surface
12 Assessment shall be assessed and collected as part of the tax bill issued under
13 subsection 5402(b) of this title by Commissioner of Taxes as a separate bill.

14 The tax bill issued under subsection 5402(b) shall specifically list the
15 Impervious Surface Assessment assessed under this section as the “Clean
16 Water Fund Impervious Surface Assessment,” and the assessment shall be
17 listed separately from the tax collected.

18 (b) Remittance. The treasurer of each municipality shall remit the
19 collected Impervious Surface Assessment to the State Treasurer in two

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1 payments due on December 1 and June 1 of each year for deposit in the Clean

2 Water Fund.]

3 [(c) Insufficient payment; municipal liability. In case of insufficient

4 payment of the Impervious Surface Assessment by a taxpayer to a

5 municipality, the municipality shall not be required to remit to the State the

6 amount of full liability for all parcels within the municipality, provided that the

7 municipality submits to the Commissioner of Taxes a list of those taxpayers

8 who are in delinquent in the payment of the impervious surface assessment.]

9 (d) Offset of delinquent payment. The Commissioner of Taxes may under

10 subchapter 12 of chapter 151 of this title offset any delinquent impervious

11 surface assessment assessed under this section against any refund owed the

12 delinquent taxpayer, including, notwithstanding the monetary limit of section

13 5933(a) of this title, an amount of less than \$50.00.

14 [(e) Abatement. A person may seek and a municipality may grant

15 abatement under 24 V.S.A. § 1535 of a surcharge assessed under this section.]

16 [(f) Form or format. The Department of Taxes shall specify the form or

17 format for the remission by municipalities of collected assessments.]

18 (g) Disposition. The Commissioner shall deposit all assessments collected

19 under this section in the Clean Water Fund, established under 10 V.S.A.

20 § 1387, for the authorized uses of that Fund.

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1 § 10605. MUNICIPAL GUIDANCE

2 [(a) Department of Taxes procedure. The Department of Taxes shall, after
3 consultation with municipal officials or representatives of municipal officials,
4 issue a procedure regarding the process for collection of the Impervious
5 Surface Assessment as part of the tax bill issued under subsection 5402(b) of
6 this title. In the procedure, the Department shall address how parcels are
7 assessed, remittance, and enforcement of the Impervious Surface Assessment,
8 including how frequently a municipality may remit to the Department the
9 assessments collected under this section. The Department also shall include in
10 the procedure guidance for municipalities regarding whether an assessment
11 paid under this section is tax deductible.]

12 [(b) Education and outreach. The Department shall hold educational
13 meetings or prepare educational materials for municipal officials regarding the
14 requirements of this section.]

15 Sec. 5. IMPLEMENTATION

16 (a) The Vermont Center for Geographic Information annually shall publish
17 the initial State Impervious Surface Area Map required under 10 V.S.A.

18 § 10602 [on or before July ? 201?].

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1 (b) [A municipality] [The Department] shall initiate collection of the
2 Impervious Surface Assessment required under 10 V.S.A. § 10603 [on
3 January ?, 201?.]

4 Sec. 6. REPEAL OF CLEAN WATER FUND PER PARCEL SURCHARGE
5 32 V.S.A. § 10502 (Clean Water Fund per parcel fee) shall be repealed on
6 [July 1, 202?.]

7 * * *

8 * * * Clean Water Fund * * *

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

10 § 1388. CLEAN WATER FUND

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

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

16 (A) the Property Transfer Tax surcharge established under 32 V.S.A.
17 § 9602a;

18 (B) the Clean Water Per Parcel Surcharge under 10 V.S.A. chapter
19 245; and

20 (C) the Impervious Surface Assessment under 10 V.S.A. chapter 246.

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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 * * * Municipal Water Quality Block Grant * * *

8 Sec. 8. 10 V.S.A. § 1389c is added to read:

9 § 1389c. MUNICIPAL WATER QUALITY BLOCK GRANT

10 (a) Definition. As used in this section, “municipality” means a city, town,
11 or village.

12 (b) Water quality block grant. Each municipality in the State shall be
13 eligible to receive a water quality block grant each year from the Clean Water
14 Fund under section 1388 of this title to finance water quality improvement
15 projects within the municipality. **The water quality block grant shall be [in**
16 **the amount of ?.]**

17 (c) Use of block grant. A municipality shall expend all funds received
18 under the water quality block grant program to comply with or implement a
19 water quality improvement required under:

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1 (1) the municipal roads stormwater general permit under section 1264 of
2 this title;

3 (2) the legacy impervious surface stormwater general permit under
4 section 1264 of this title, when the municipality owns or control the
5 impervious surface subject to permitting;

6 (3) the municipal separate storm sewer system permit under section
7 1264 of this title; or

8 (4) a discharge permit issued under section 1263 of this title for a
9 pollution abatement facility owned or controlled by the municipality.

10 (d) Cost share. A municipality shall expend from local funds an amount of
11 not less than [?0 percent] of on any water quality improvement project
12 financed under subsection (c) of this section from the water quality block grant
13 program.

14 (e) Unexpended funds. If in any fiscal year a municipality does not expend
15 funds received under a water quality block grant, the municipality shall return
16 the funds to the State Treasurer for deposit in the Clean Water Fund.

17 (f) Report. Annually, a municipality that received a water quality block
18 grant shall submit to the Secretary of Natural Resources an accounting of how
19 block grant monies were expended in the previous fiscal year.

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1 * * * Water Quality Aid Formula * * *

2 Sec. 9. 10 V.S.A. § 1389d is added to read:

3 § 1389d. STATE AID FOR WATER QUALITY IMPROVEMENTS

4 (a) Clean Water Fund Aid. Annually, the monies in the Clean Water Fund
5 under section 1388 of this title shall be appropriated for water quality
6 improvements in the State. The monies appropriated from the Clean Water
7 Fund shall be distributed as follows:

8 (1) [?] percent of the monies in the Clean Water Fund annually shall be
9 appropriated to municipalities for compliance with the municipal roads general
10 permit required under section 1264 of this title. The apportionment of these
11 funds to each municipality shall be at each municipality's percentage of town
12 highways of the total town highway mileage in the State.

13 (2) [?] percent of the monies in the Clean Water Fund annually shall be
14 appropriated to municipalities to implement additional control measures or
15 technology for the control or treatment of wastewater from pollution abatement
16 facilities permitted under section 1263 of this title. The apportionment of these
17 funds to each municipality **[shall be by ?].**

18 (3) [?] percent of the monies in the Clean Water Fund annually shall be
19 appropriated to municipalities to comply with the legacy impervious surface
20 general permit required under section 1264 of this title, provided that monies

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1 received by a municipality shall be expended only for impervious surface
2 owned or controlled by the municipality. The apportionment of these funds to
3 each municipality **[shall be by ?]**.

4 (4) **[?]** percent of the monies in the Clean Water Fund annually shall be
5 appropriated to the Agency of Agriculture, Food and Markets to provide
6 financial assistance to farmers in order to comply with agricultural water
7 quality requirements of 6 V.S.A. chapter 215. The apportionment of these
8 funds to each municipality **[shall be by ?]**.

9 (b) **Limitation of use.** Each recipient of monies under this section shall use
10 the monies apportioned to it solely for the identified use in each
11 apportionment. A municipality or State agency shall repay the State the total
12 amount of any unauthorized expenditure of funds apportioned under this
13 section.

14 (c) **Unexpended monies.** Monies apportioned under this section that are
15 unexpended or uncommitted to a defined project within one year of
16 apportionment shall be returned to the Clean Water Fund for reappportionment
17 under this section.

18 (d) **Report of expenditures.** Recipients of monies under this section shall
19 report to the Clean Water Fund Board or a designee authorized by the Board
20 regarding the expenditure of monies apportioned under this section. The Clean

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1 Water Fund Board may designate the information that recipients shall submit
2 as part of a report.

3 Sec. 10. 6 V.S.A. § 4824 is amended to read:

4 § 4824. STATE FINANCIAL ASSISTANCE AWARDS GRANTS

5 (a) State grant. State financial assistance awarded under this subchapter
6 shall be in the form of a grant. When a State grant is intended to match federal
7 financial assistance for the same on-farm improvement project, the State grant
8 shall be awarded only when the federal financial assistance has also been
9 approved or awarded. Except for grants authorized by the Secretary under
10 subsection (c) of this section, the Secretary shall require all of the following as
11 a condition of a grant issued under this section:

12 (1) An applicant for a State grant shall pay at least 10 percent of the total
13 eligible project cost.

14 (2) The dollar amount of a State grant shall be equal to the total eligible
15 project cost, less 10 percent of the total as paid by the applicant, and less the
16 amount of any federal assistance awarded, ~~except that a~~.

17 (3) A State grant shall not exceed 90 percent of the total eligible
18 project cost.

19 (b) Grant terms. A State grant awarded to an applicant under this
20 subchapter shall be awarded in accordance with a State grant containing terms

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1 substantially the same as those required for receipt of a federal award for the
2 same purpose from the U.S. Department of Agriculture, except as provided by
3 the Secretary by rule.

4 (c) Waiver of cost share. The Secretary may waive the requirement that an
5 applicant for a State grant under this section pay at least 10 percent of the total
6 eligible project cost upon a determination that:

7 (1) the applicant lacks the ability to provide a cost share; and

8 (2) the public health or environmental benefit of eliminating a discharge
9 or potential discharge to a water of the State outweighs the need for a cost
10 share from the applicant.

11 * * * Wetlands Incentives * * *

12 Sec. 11. 6 V.S.A. chapter 215, subchapter 7 is amended to read:

13 Subchapter 7. ~~Farm Agronomic Practices Program~~
14 and Conservation Practices

15 § 4951. FARM AGRONOMIC PRACTICES PROGRAM

16 * * *

17 § 4952. VERMONT WETLANDS CONSERVATION PROGRAM

18 (a) Definition. As used in this section, wetlands shall have the same
19 meaning as set forth in 10 V.S.A. § 902.

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1 (b) Incentive program. The Secretary of Agriculture, Food and Markets
2 shall establish a program to compensate farmers for removing wetlands from
3 agricultural practices and restoring the wetland or leaving it undisturbed so that
4 it may return to its natural condition. The incentive payment shall be for an
5 [amount of ?.] The incentive payment shall be made [annually from ?] at the
6 end of each year for a term of no more than [? Years].

7 (c) Limit on incentive. An annual payment under this section shall not
8 [exceed ?].

9 (d) Criteria. The Secretary of Agriculture, Food and Markets may establish
10 by procedure financial and technical criteria for the implementation and
11 operation of the wetlands conservation program established under this section.

12 (e) Use value lands. Land enrolled in the Use Value Appraisal Program
13 under 32 V.S.A. chapter 124 shall be eligible for participation in the wetlands
14 conservation program under this section.

15 * * * Wetland Restoration; Conserved Lands * * *

16 Sec. 12. 10 V.S.A. § 325c is added to read:

17 § 325c. WETLANDS RESTORATION; ACQUIRED LANDS

18 When the Board expends monies from the Fund established under section
19 312 of this title to acquire agricultural land, wildlife habitat, natural resources,
20 or other land, areas, or property under this chapter for conservation, the Board

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1 shall require wetlands that have been farmed or otherwise converted from to be
2 restored to a natural condition where future development or agricultural use is
3 limited. As used in this section, wetlands shall have the same meaning as set
4 forth in section 902 of this title.

5 * * * Rulemaking; Water Quality Credit Trading; Offsets; Impact Fees * * *

6 Sec. 13. 10 V.S.A. § 1285 is added to read:

7 § 1285. WATER QUALITY CREDIT TRADING; RULEMAKING

8 (a) The Secretary of Natural Resources shall establish a voluntary water
9 quality credit trading program allowing a person in control of a point source or
10 nonpoint source of phosphorus or nitrogen to accrue, register, and trade water
11 quality credits when the point source or nonpoint source achieves greater
12 pollutant reductions than required by an adopted total maximum daily load
13 (TMDL). A person accruing water quality credits shall be authorized to trade
14 or transfer the credits for the excess reduction to a person in control of another
15 source so that person can use the credit to satisfy a wasteload allocation under
16 a TMDL plan.

17 (b) The Secretary shall adopt by rule requirements for the operation of the
18 water quality trading program. The rules shall address:

19 (1) who may participate in the trading program, including conditions for
20 participation and persons or sources that are excluded from participation;

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1 (2) how a point source accrues water quality credits, including
2 conservation, restoration, or offset projects that can be completed to accrue a
3 credit;

4 (3) where credits can be traded, including whether a credit may only be
5 traded or used in the watershed where it was located or under the TMDL for
6 which it was allocated wasteload;

7 (4) how the accrual, transfer, or use of a water quality credit is
8 documented; and

9 (5) any other requirement or provision necessary for implementation of
10 the water quality trading program.

11 **Sec. 14. IMPLEMENTATION OF RULEMAKING FOR WATER**

12 **QUALITY CREDIT TRADING PROGRAM**

13 On or before July 1, 2018, the Secretary of Natural Resources shall adopt
14 the rules required under 10 V.S.A. § 1285 for a water quality credit trading
15 program.

16 **Sec. 15. SECRETARY OF NATURAL RESOURCES' REPORT ON THE**

17 **USE OF PHOSPHORUS OFFSETS AND IMPACT FEES**

18 On or before January 15, 2018, the Secretary of Natural Resources shall
19 submit to the House Committee on Natural Resources, Fish and Wildlife and
20 the Senate Committee on Natural Resources and Energy a report regarding

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1 implementation of offsets and impact fees to achieve reductions in phosphorus

2 wasteload allocations under a phosphorus total maximum daily load in the

3 State. The report shall include:

4 (1) a summary of how phosphorus offsets or impact fees may be used;

5 (2) a summary of how phosphorus offsets or impact fees are used in

6 other jurisdictions;

7 (3) how a standard or benchmark for phosphorus discharges or runoff

8 would be established so that an offset or impact fee could be calculated;

9 (4) how discharges or runoff would be monitored for phosphorus

10 content, including whether a surrogate could be used to measure phosphorus

11 content; and

12 (5) a recommendation of whether the State should authorize phosphorus

13 offsets or impact fees to achieve reductions in phosphorus wasteload

14 allocations under a phosphorus total maximum daily load in the State.

15 * * * Clean Water Affinity Card * * *

16 Sec. 16. 32 V.S.A. § 584a is added to read:

17 § 584a. VERMONT CLEAN WATER AFFINITY CARD PROGRAM

18 (a) The State Treasurer shall establish and sponsor a Vermont Clean Water

19 Affinity Card Program for the benefit of water quality improvement in the

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1 State upon a determination that a Vermont Clean Water Infinity Card may be
2 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.

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1 * * * Use Value Appraisal; Agricultural Land * * *

2 Sec. 17. 32 V.S.A. § 3752 is amended to read:

3 § 3752. DEFINITIONS

4 As used in this subchapter:

5 (1) “Agricultural land” means any land, exclusive of any housesite, in
6 active use to grow hay or cultivated crops, pasture livestock, or to cultivate
7 trees bearing edible fruit or produce an annual maple product, and which is
8 25 acres or more in size except as provided in this subdivision (1).

9 Agricultural land includes buffer zones required in the required agricultural
10 practices adopted by the Secretary of Agriculture, Food and Markets under
11 6 V.S.A. § 4810. Agricultural land includes ecologically significant treatment
12 areas that satisfy minimum acceptable standards approved by the Secretary of
13 Agriculture, Food and Markets. There shall be a presumption that the land is
14 used for agricultural purposes if:

15 (A) it is owned by a farmer and is part of the overall farm unit; or

16 (B) it is used by a farmer as part of his or her farming operation under
17 written lease for at least three years; or

18 (C) it has produced an annual gross income from the sale of farm crops
19 in one of two, or three of the five, calendar years preceding of at least:

20 (i) \$2,000.00 for parcels of up to 25 acres; and

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1 (ii) \$75.00 per acre for each acre over 25, with the total income
2 required not to exceed \$5,000.00.

3 (iii) Exceptions to these income requirements may be made in
4 cases of orchard lands planted to fruit producing trees, bushes, or vines which
5 are not yet of bearing age. As used in this section, the term “farm crops” also
6 includes animal fiber, cider, wine, and cheese produced on the enrolled land or
7 on a housesite adjoining the enrolled land from agricultural products grown on
8 the enrolled land.

9 * * *

10 (14) “Farm buildings” means all farm buildings and other farm
11 improvements ~~which~~ that are actively used by a farmer as part of a farming
12 operation, are owned by a farmer or leased to a farmer under a written lease for
13 a term of three years or more, and are situated on land that is enrolled in a use
14 value appraisal program or on a housesite adjoining enrolled land. “Farm
15 buildings” shall include up to \$100,000.00 of the value of a farm facility
16 processing farm crops, a minimum of 75 percent of which are produced on the
17 farm and shall not include any dwelling other than a dwelling in use during the
18 ~~preceding tax year~~ prior 12 months exclusively to house one or more farm
19 employees, as defined in 9 V.S.A. § 4469a, and their families, as a
20 nonmonetary benefit of the farm employment. This subdivision shall not

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1 affect the application of the definition of “farming” in 10 V.S.A. § 6001(22) or
2 the definition of “farm structure” in 24 V.S.A. § 4413(d)(1).

3 * * *

4 * * * Effective Dates * * *

5 Sec. **18**. EFFECTIVE DATES

6 (a) This section and Sec. **17** (UVA agricultural land) shall take effect on
7 passage.

8 (b) All other sections shall take effect on July 1, 2017, except that:

9 (1) Sec. 2 (Clean Water Per Parcel Surcharge) shall take effect [?]

10 (2) Sec. 8 (water quality block grant) shall take effect [?]

11 (3) Sec. 9 (water quality financing formula) shall take effect [?]