

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13 ~~32 V.S.A. § 9602a (Clean Water Surcharge) shall be repealed on July 1,~~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. [Repealed.]~~

15 \* \* \* Fertilizer Fee \* \* \*

16 Sec. 2. 6 V.S.A. § 366 is amended to read:

17 § 366. TONNAGE FEES

18 (a) A person distributing fertilizer to a nonregistrant consumer in the State  
19 annually shall pay the following fees to the Secretary:

20 (1) a \$150.00 minimum tonnage fee;

1           (2) ~~\$0.50~~ \$25.00 per ton of agricultural fertilizer distributed; and

2           (3) \$30.00 per ton of nonagricultural fertilizer distributed.

3           (b) Persons distributing fertilizer shall report annually on or before  
4           January 15 for the previous year ending December 31 to the Secretary  
5           revealing the amounts of each grade of fertilizer and the form in which the  
6           fertilizer was distributed within this State. Each report shall be accompanied  
7           with payment and written permission allowing the Secretary to examine the  
8           person's books for the purpose of verifying tonnage reports.

9           (c) No information concerning tonnage sales furnished to the Secretary  
10          under this section shall be disclosed in such a way as to divulge the details of  
11          the business operation to any person unless it is necessary for the enforcement  
12          of the provisions of this chapter.

13          (d) [Repealed.]

14          (e) Agricultural limes, including agricultural lime mixed with wood ash,  
15          are exempt from the tonnage fees required in this section.

16          (f) Lime and wood ash mixtures may be registered as agricultural liming  
17          materials and guaranteed for potassium or potash provided that the wood ash  
18          totals less than 50 percent of the mixture.

19          (g)(1) All fees collected under ~~subdivisions (a)(1) and (2)~~ subdivision  
20          (a)(1) of this section shall be deposited in the special fund created by  
21          subsection 364(e) of this title and used in accordance with its provisions.



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

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

6           (b) Grant terms. A State grant awarded to an applicant under this  
7 subchapter shall be awarded in accordance with a State grant containing terms  
8 substantially the same as those required for receipt of a federal award for the  
9 same purpose from the U.S. Department of Agriculture, except as provided by  
10 the Secretary by rule.

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

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

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

18                                 \* \* \* Wetlands Incentives \* \* \*

19           Sec. 4. 6 V.S.A. chapter 215, subchapter 7 is amended to read:

20                                 Subchapter 7. ~~Farm Agronomic Practices Program~~  
21                                         and Conservation Practices

1 § 4951. FARM AGRONOMIC PRACTICES PROGRAM

2 \* \* \*

3 § 4952. VERMONT WETLANDS CONSERVATION PROGRAM

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

6 (b) Incentive program. The Secretary of Agriculture, Food and Markets  
7 shall establish a program to compensate farmers for removing wetlands from  
8 agricultural practices and restoring the wetland or leaving it undisturbed so that  
9 it may return to its natural condition. The incentive payment shall be in the  
10 one-time payment of the price per acre of wetlands restored according to the  
11 use value appraisal of agricultural land under 32 V.S.A. § 3752(12).

12 (c) Criteria. The Secretary of Agriculture, Food and Markets may establish  
13 by procedure financial and technical criteria for the implementation and  
14 operation of the wetlands conservation program established under this section.

15 (d) Use value lands. Land enrolled in the Use Value Appraisal Program  
16 under 32 V.S.A. chapter 124 shall be eligible for participation in the wetlands  
17 conservation program under this section.

18 \* \* \* Water Quality Fines \* \* \*

19 Sec. 5. 6 V.S.A. § 4995 is amended to read:

20 § 4995. CIVIL ENFORCEMENT

21 (a) The Secretary may bring an action in the Civil Division of the Superior  
22 Court to enforce the requirements of this chapter, or rules adopted under this

1 chapter, or any permit or certification issued under this chapter, to assure  
2 compliance, and to obtain penalties in the amounts described in subsection (b)  
3 of this section. The action shall be brought by the Attorney General in the  
4 name of the State.

5 (b) The Court may grant temporary and permanent injunctive relief, and  
6 may:

7 \* \* \*

8 (7) Levy a civil penalty as provided in this subdivision. A civil penalty  
9 of not more than \$85,000.00 may be imposed for each violation. In addition,  
10 in the case of a continuing violation, a penalty of not more than \$42,500.00  
11 may be imposed for each day the violation continues. In fixing the amount of  
12 the penalty, the Court shall apply the criteria set forth in subsections (e) and (f)  
13 of this section. The cost of collection of penalties or other monetary awards  
14 shall be assessed against and added to a penalty assessed against a respondent.

15 \* \* \*

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

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

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

1 (C) whether the respondent knew or had reason to know the violation  
2 existed;

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

4 (E) the deterrent effect of the penalty;

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

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

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

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

11 (g) Civil penalties and recaptured economic benefit penalties collected  
12 under this section shall be deposited in the Clean Water Fund established under  
13 10 V.S.A. § 1388.

14 Sec. 6. 10 V.S.A § 8022 is added to read:

15 § 8022. DISPOSITION OF WATER QUALITY PENALTIES

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

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

2 § 8221. CIVIL ENFORCEMENT

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

9 (b) The court may grant temporary and permanent injunctive relief, and  
10 may:

11 \* \* \*

12 (6) Levy a civil penalty as provided in this subdivision. A civil penalty  
13 of not more than \$85,000.00 may be imposed for each violation. In addition,  
14 in the case of a continuing violation, a penalty of not more than \$42,500.00  
15 may be imposed for each day the violation continues. In fixing the amount of  
16 the penalty, the court shall apply the criteria set forth in subsections 8010(b)  
17 and (c) of this title. The cost of collection of penalties or other monetary  
18 awards shall be assessed against and added to a penalty assessed against a  
19 respondent.

20 \* \* \*



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

4                   \* \* \* Wetland Restoration; Conserved Lands \* \* \*

5       Sec. 8. 10 V.S.A. § 325c is added to read:

6       § 325c. WETLANDS RESTORATION; ACQUIRED LANDS

7       When the Board expends monies from the Fund established under section  
8       312 of this title to acquire agricultural land, wildlife habitat, natural resources,  
9       or other land, areas, or property under this chapter for conservation, the Board  
10       shall require wetlands that have been farmed or otherwise converted to be  
11       restored to a natural condition where future development or agricultural use is  
12       limited. As used in this section, wetlands shall have the same meaning as set  
13       forth in section 902 of this title.

14                   \* \* \* Rulemaking; Water Quality Credit Trading; Offsets; Impact Fees \* \* \*

15       Sec. 9. 10 V.S.A. § 1285 is added to read:

16       § 1285. WATER QUALITY CREDIT TRADING; RULEMAKING

17       (a) The Secretary of Natural Resources shall establish a voluntary water  
18       quality credit trading program allowing a person in control of a point source or  
19       nonpoint source of phosphorus, nitrogen, or other pollutant to accrue, register,  
20       and trade water quality credits when the point source or nonpoint source  
21       achieves greater pollutant reductions than required by an adopted total  
22       maximum daily load (TMDL). A person accruing water quality credits shall

1 be authorized to trade or transfer the credits for the excess reduction to a  
2 person in control of another source so that person can use the credit to satisfy a  
3 wasteload allocation under a TMDL plan.

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

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

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

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

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

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

18 Sec. 10. IMPLEMENTATION OF RULEMAKING FOR WATER

19 QUALITY CREDIT TRADING PROGRAM

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

1       Sec. 11. SECRETARY OF NATURAL RESOURCES' REPORT ON THE  
2                               USE OF PHOSPHORUS OFFSETS AND IMPACT FEES

3               On or before January 15, 2018, the Secretary of Natural Resources shall  
4               submit to the House Committee on Natural Resources, Fish and Wildlife and  
5               the Senate Committee on Natural Resources and Energy a report regarding  
6               implementation of offsets and impact fees to achieve reductions in phosphorus  
7               wasteload allocations under a phosphorus total maximum daily load in the  
8               State. The report shall include:

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

10                      (2) a summary of how phosphorus offsets or impact fees are used in  
11                      other jurisdictions;

12                      (3) how a standard or benchmark for phosphorus discharges or runoff  
13                      would be established so that an offset or impact fee could be calculated;

14                      (4) how discharges or runoff would be monitored for phosphorus  
15                      content, including whether a surrogate could be used to measure phosphorus  
16                      content; and

17                      (5) a recommendation of whether the State should authorize phosphorus  
18                      offsets or impact fees to achieve reductions in phosphorus wasteload  
19                      allocations under a phosphorus total maximum daily load in the State.



1 (5) fulfill the priorities of the Fund set forth in subsection 1389(e) of this  
2 title.

3 (b) Limitation of use. Each recipient of monies under this section shall use  
4 the monies apportioned to it solely for the identified use in each  
5 apportionment. A municipality or State agency shall repay the State the total  
6 amount of any unauthorized expenditure of funds apportioned under this  
7 section.

8 (c) Unexpended monies. Monies apportioned under this section that are  
9 unexpended or uncommitted to a defined project within one year of  
10 apportionment shall be returned to the Clean Water Fund for reapportionment  
11 under this section.

12 (d) Report of expenditures. Recipients of monies under this section shall  
13 report to the Clean Water Fund Board or a designee authorized by the Board  
14 regarding the expenditure of monies apportioned under this section. The Clean  
15 Water Fund Board may designate the information that recipients shall submit  
16 as part of a report.

17 \* \* \* Diesel Tax \* \* \*

18 Sec. 13. 23 V.S.A. § 3003 is amended to read:

19 § 3003. IMPOSITION OF TAX; EXCEPTIONS

20 (a) A tax of ~~\$0.28~~ \$0.29, a fee of \$0.01 established pursuant to the  
21 provisions of 10 V.S.A. § 1942, and a \$0.03 motor fuel transportation  
22 infrastructure assessment which for purposes of the International Fuel Tax

1 Agreement only shall be deemed to be a surcharge, are imposed on each gallon  
2 of fuel:

- 3 (1) sold or delivered by a distributor; or  
4 (2) used by a user.

5 \* \* \*

6 Sec. 14. 23 V.S.A. § 3015 is amended to read:

7 § 3015. COMPUTATION AND PAYMENT OF TAX

8 Each report required under section 3014 of this title from licensed  
9 distributors, dealers, or users shall be accompanied by a remittance payable to  
10 the Department of Motor Vehicles for the amount of tax due which shall be  
11 computed in the following manner:

12 (1) The distributor's tax shall be determined by multiplying the number  
13 of gallons of fuel sold or delivered into the bulk tanks of dealers or users by the  
14 rate per gallon stated in section 3003 of this title.

15 (2) Except as provided in subdivision 3002(9) of this title, the user's tax  
16 shall be determined by multiplying the number of gallons of fuels used in  
17 Vermont in motor vehicles operated by the user at the rate per gallon stated in  
18 section 3003 for vehicles weighing or registered for 26,001 pounds or more.

19 The taxable gallonage shall be computed on the basis of miles travelled within  
20 the State as compared to total miles travelled within and ~~without~~ outside the  
21 State, with the actual method of computation prescribed by the Commissioner.

22 A distributor may use as the measure of the tax so levied and assessed the

1 gross quantity of fuel purchased, imported, produced, refined, manufactured,  
2 and compounded by the distributor, instead of the quantity sold, distributed, or  
3 used. From this amount of tax due, there shall be deducted the tax on fuel  
4 purchased in this State on which the tax has been previously paid by the user,  
5 provided the tax-paid purchases are supported by copies of the sales invoices  
6 showing the amount of tax paid. Such copies shall be retained by the taxpayer  
7 for a period of not less than three years and shall be available for inspection by  
8 the Commissioner or his or her designated agents. If the computation shows  
9 additional tax to be due, it shall be remitted with the report filed under section  
10 3014 of this title.

11 \* \* \*

12 (4) All taxes, interest, user license fees, and penalties collected by the  
13 Department of Motor Vehicles under this chapter shall be forthwith paid to the  
14 State Treasurer and credited to the Transportation Fund, provided that one cent  
15 per gallon of the tax imposed under section 3003 of this title shall be allocated  
16 for compliance by municipalities or the State with the requirements of  
17 10 V.S.A. § 1264 regarding management of stormwater from State or town  
18 highways.

19 (5) Notwithstanding subdivision (4) of this section, the one cent per  
20 gallon fee imposed by this chapter shall be deposited into the Petroleum  
21 Cleanup Fund established by 10 V.S.A. § 1941. These fees shall be deemed  
22 the petroleum distributor licensing fee established by 10 V.S.A. § 1942.

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\* \* \* Gas Tax \* \* \*

Sec. 15. 23 V.S.A. § 3106 is amended to read:

§ 3106. IMPOSITION, RATE, AND PAYMENT OF TAX

(a)(1) Except for sales of motor fuels between distributors licensed in this State, which sales shall be exempt from the taxes and assessments authorized under this section, unless exempt under the laws of the United States at the time of filing the report required by section 3108 of this title, each distributor shall pay to the Commissioner:

(A) a tax of ~~\$0.121~~ \$0.131 upon each gallon of motor fuel sold by the distributor; and

\* \* \*

(c) Except as provided in ~~subsection (d)~~ subsections (d) and (e) of this section, and subdivision 1220a(b)(3) of this title, all taxes, interest, and penalties collected by the Department of Motor Vehicles under this chapter shall be paid to the State Treasurer and credited to the Transportation Fund, provided that one cent per gallon of the tax imposed under section 3003 of this title shall be allocated for compliance by municipalities or the State with the requirements of 10 V.S.A. § 1264 regarding management of stormwater from State or town highways.

\* \* \*

\* \* \* Clean Water Affinity Card \* \* \*

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



1     § 584a. VERMONT CLEAN WATER AFFINITY CARD PROGRAM

2           (a) The State Treasurer shall establish and sponsor the Vermont Clean  
3     Water Affinity Card Program for the benefit of water quality improvement in  
4     the State upon a determination that a Vermont Clean Water Infinity Card may  
5     be procured at rates and terms in the best interest of the cardholders.

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

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

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

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

3                   \* \* \* Use Value Appraisal; Agricultural Land \* \* \*

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

5       § 3752. DEFINITIONS

6       As used in this subchapter:

7               (1) “Agricultural land” means any land, exclusive of any housesite, in  
8       active use to grow hay or cultivated crops, pasture livestock, or to cultivate  
9       trees bearing edible fruit or produce an annual maple product, and which is  
10      25 acres or more in size except as provided in this subdivision (1).

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

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

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

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

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



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

Sec. 18. 32 V.S.A. § 9241 is amended to read:

§ 9241. IMPOSITION OF TAX

(a) An operator shall collect a tax of ~~nine~~ ten percent of the rent of each occupancy plus a \$5.00 surcharge for each night of the occupancy.

(b) An operator shall collect a tax on the sale of each taxable meal at the rate of ~~nine~~ ten 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:

<del>\$0.01-0.11</del>	<del>\$0.01</del>
<del>0.12-0.22</del>	<del>0.02</del>
<del>0.23-0.33</del>	<del>0.03</del>
<del>0.34-0.44</del>	<del>0.04</del>
<del>0.45-0.55</del>	<del>0.05</del>
<del>0.56-0.66</del>	<del>0.06</del>
<del>0.67-0.77</del>	<del>0.07</del>
<del>0.78-0.88</del>	<del>0.08</del>
<del>0.89-1.00</del>	<del>0.09</del>
<u>\$0.01-0.05</u>	<u>\$0.00</u>
<u>0.06-0.15</u>	<u>0.01</u>
<u>0.16-0.26</u>	<u>0.02</u>

1           0.27-0.36   0.03

2           0.37-0.47   0.04

3           0.48-0.57   0.05

4           0.58-0.68   0.06

5           0.69-0.78   0.07

6           0.79-0.89   0.08

7           0.90-0.99   0.09

8           (c) An operator shall collect a tax on each sale of alcoholic beverages at the  
9           rate of ~~40~~ 11 percent of each full dollar of the total charge and on each sale for  
10           less than one dollar and on each part of a dollar in excess of a full dollar in  
11           accordance with the following formula:

12                       ~~\$.01-.14~~                       \$.01

13                       ~~.15-.24~~                       .02

14                       ~~.25-.34~~                       .03

15                       ~~.35-.44~~                       .04

16                       ~~.45-.54~~                       .05

17                       ~~.55-.64~~                       .06

18                       ~~.65-.74~~                       .07

19                       ~~.75-.84~~                       .08

20                       ~~.85-.94~~                       .09

21                       ~~.95-1.00~~                       .10

22           \$0.01-0.08   \$0.00

1        0.09-0.18   0.01

2        0.19-0.28   0.02

3        0.29-0.38   0.03

4        0.39-0.48   0.04

5        0.49-0.58   0.05

6        0.59-0.68   0.06

7        0.69-0.78   0.07

8        0.79-0.88   0.08

9        0.89-0.99   0.09

10       Sec. 19. 32 V.S.A. § 9241a is added to read:

11       § 9241a. OCCUPANCY SURCHARGE FUNDING

12       Notwithstanding section 435 of this title, the occupancy surcharge imposed  
13       by section 9241 of this title shall be deposited in the Clean Water Fund  
14       established under 10 V.S.A. § 1388.

15       Sec. 20. 32 V.S.A. § 9242(c) is amended to read:

16       (c) A tax of ~~nine~~ 10 percent of the gross receipts from meals and  
17       occupancies and ~~40~~ 11 percent of the gross receipts from alcoholic beverages,  
18       exclusive of taxes collected pursuant to section 9241 of this title, received from  
19       occupancy rentals, taxable meals and alcoholic beverages by an operator, is  
20       hereby levied and imposed and shall be paid to the State by the operator as  
21       herein provided. Every person required to file a return under this chapter shall,  
22       at the time of filing the return, pay the Commissioner the taxes imposed by this

1 chapter as well as all other monies collected by him or her under this chapter;  
2 provided, however, that every person who collects the taxes on taxable meals  
3 and alcoholic beverages according to the tax bracket schedules of section 9241  
4 of this title shall be allowed to retain any amount lawfully collected by the  
5 person in excess of the tax imposed by this chapter as compensation for the  
6 keeping of prescribed records and the proper account and remitting of taxes.

7 \* \* \* Imposition of Sales and Use Tax on Certain Rentals \* \* \*

8 Sec. 21. 32 V.S.A. § 9771(9) is added to read:

9 (9) the rental of marina slip spaces and mooring buoys, charges for  
10 limousine services, charges for the use of parking spaces in commercial  
11 parking lots and garages, and the rental of self-storage facilities, as that term is  
12 used in 9 V.S.A. § 3901(6).

13 Sec. 22. 32 V.S.A. § 9773(6) is added to read:

14 (6) the rental of marina slip spaces and mooring buoys, charges for  
15 limousine services, charges for the use of parking spaces in commercial  
16 parking lots and garages, and the rental of self-storage facilities, as that term is  
17 used in 9 V.S.A. § 3901(6).

18 \* \* \* Use Value Appraisal; Agricultural Land \* \* \*

19 Sec. 23. 32 V.S.A. § 3752 is amended to read:

20 § 3752. DEFINITIONS

21 As used in this subchapter:

1           (1) “Agricultural land” means any land, exclusive of any housesite, in  
2 active use to grow hay or cultivated crops, pasture livestock, or to cultivate  
3 trees bearing edible fruit or produce an annual maple product, and which is  
4 25 acres or more in size except as provided in this subdivision (1).

5           Agricultural land includes buffer zones required in the required agricultural  
6 practices adopted by the Secretary of Agriculture, Food and Markets under  
7 6 V.S.A. § 4810. Agricultural land includes ecologically significant treatment  
8 areas that satisfy minimum acceptable standards approved by the Secretary of  
9 Agriculture, Food and Markets. There shall be a presumption that the land is  
10 used for agricultural purposes if:

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

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

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

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

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

19           (iii) Exceptions to these income requirements may be made in  
20 cases of orchard lands planted to fruit producing trees, bushes, or vines which  
21 are not yet of bearing age. As used in this section, the term “farm crops” also  
22 includes animal fiber, cider, wine, and cheese produced on the enrolled land or



1 on a housesite adjoining the enrolled land from agricultural products grown on  
2 the enrolled land.

3 \* \* \*

4 (14) “Farm buildings” means all farm buildings and other farm  
5 improvements ~~which~~ that are actively used by a farmer as part of a farming  
6 operation, are owned by a farmer or leased to a farmer under a written lease for  
7 a term of three years or more, and are situated on land that is enrolled in a use  
8 value appraisal program or on a housesite adjoining enrolled land. “Farm  
9 buildings” shall include up to \$100,000.00 of the value of a farm facility  
10 processing farm crops, a minimum of 75 percent of which are produced on the  
11 farm and shall not include any dwelling other than a dwelling in use during the  
12 ~~preceding tax year~~ prior 12 months exclusively to house one or more farm  
13 employees, as defined in 9 V.S.A. § 4469a, and their families, as a  
14 nonmonetary benefit of the farm employment. This subdivision shall not  
15 affect the application of the definition of “farming” in 10 V.S.A. § 6001(22) or  
16 the definition of “farm structure” in 24 V.S.A. § 4413(d)(1).

17 \* \* \*

18 \* \* \* Disposition of Funds; Clean Water Fund; General Fund \* \* \*

19 Sec. 24. 10 V.S.A. § 1388 is amended to read:

20 § 1388. CLEAN WATER FUND

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

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

6 (A) the Property Transfer Tax surcharge established under 32 V.S.A.  
7 § 9602a;

8 (B) 98 percent of the fertilizer fee collection under 6 V.S.A.  
9 § 366(a)(2);

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

12 (D) one cent per gallon of the diesel tax collected under 23 V.S.A.  
13 § 3015;

14 (E) five percent of the meals, rooms, and alcohol taxes levied under  
15 32 V.S.A. chapter 225; and

16 (F) 0.75 percent of the revenue from sales and use taxes levied  
17 pursuant to chapter 233 of title 32; and

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

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

4 Sec. 25. 32 V.S.A. § 435 is amended to read:

5 § 435. GENERAL FUND

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

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

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

12 (2) [Repealed.]

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

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

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

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

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

20 (8) [Repealed.]

21 (9) Revenues from the Racing Fund consistent with 31 V.S.A. § ~~611~~

22 609;

1           (10) 33 percent of the revenue from the property transfer taxes levied  
2 pursuant to chapter 231 of this title and the revenue from the gains taxes levied  
3 each year pursuant to chapter 236 of this title;

4           (11) 65 percent of the revenue from sales and use taxes levied pursuant  
5 to chapter 233 of this title;

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

9                           \* \* \* Working Group on Water Quality Funding \* \* \*

10           Sec. 26. WORKING GROUP ON WATER QUALITY FUNDING

11           (a) Creation. There is created the Working Group on Water Quality  
12 Funding to develop a recommended method of assessing a statewide  
13 impervious surface fee or per parcel fee, or both, in order to generate revenue  
14 to fund water quality restoration and conservation in the State.

15           (b) Membership. The Working Group shall be composed of the following  
16 11 members:

17                   (1) The Secretary of Administration or designee;

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

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

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

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

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

7           (7) the Director of the Vermont Center for Geographic Information or  
8           designee;

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

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

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

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

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

21                 (1) whether the fee or fees shall be assessed on impervious surface or  
22                 per parcel, or a combination of both;

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

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) whether any property or municipality shall receive a credit or  
8           reduced fee for implementation of a stormwater utility or other mechanism for  
9           funding and administration of water quality improvements; 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 Secretary of  
14           Administration.

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

19           (f) Meetings.

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



1       Sec. 27. EFFECTIVE DATES

2           (a) This section, Sec. 17 (UVA agricultural land), and Sec. 27 (Working  
3       Group on Water Quality Funding) shall take effect on passage.

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

5               (1) Sec. 12 (water quality financing formula) shall take effect [?]

6               (2) Secs. 13 and 14 (diesel tax) shall take effect [?]

7               (3) Secs. 15 and 16 (gas tax) shall take effect [?]

8               (4) Secs. 18, 19, and 20 (rooms, meals, and alcohol) shall take effect [?]

9               (5) Secs. 21 and 22 (sales and use tax rental) shall take effect [?]