



The Vermont Chapter of the Sierra Club appreciates the diligence of the Treasurer's office, the Department of Environmental Conservation, and the Department of Taxes in calculating the projected costs and revenue sources to fund the requirements of the Lake Champlain TMDL, Vermont's Clean Water Act, and the 2016 Combined Sewer Overflow Policy. We understand the challenge of finding revenue sources that are long term and sustainable; however, we request that the Legislature propose funding that meets all of the Treasurer's proposals and that has a logical nexus to the sources of pollution in all water bodies throughout the state.

Based on the Treasurer's Clean Water Report, Vermont needs to spend \$2.3 billion over the next 20 years to get to clean water. With current revenue streams (federal, and other programs) there is a gap of \$1.25 billion or, \$62.4 million per year. We believe this cost is a minimum, with the goal of swimmable, drinkable, and fishable water having the potential of costing much more. Truly clean water is a broader mandate than what is required under the Lake Champlain TMDL, Vermont's Clean Water Act 64 and the 2016 Combined Sewer Overflow Policy. Providing truly clean water will also require addressing invasive species, bacteria, and other water pollutants such as pesticides, herbicides, toxins such as PFOA, and pharmaceuticals.

This is a significant funding gap and will not be solved easily. We appreciate the financial challenges before the Governor and this Committee. The Treasurer, working with her department and other agencies, has attempted to financially size the problem and suggest many possible solutions. Some of them are more easily implemented than others and some of them have shorter vs. longer pay back.

The Treasurer has divided the costs into two Tiers:

- **Tier 1** - Regulatory costs are estimated at \$82.2 million a year with revenues of \$33.7 million. This results in a shortfall of \$48.5 million. The Treasurer is proposing that the state should be obligated for a minimum of \$25 million a year. The Treasurer has proposed ways to fund clean water programs for the next two years. In order to cover the \$48.5 million gap, the Treasurer has suggested various financial sources such as bonding, unused capital projects, and transportation projects.
- **Tier 2**- Capital cost are estimated at \$33.43 million per year with revenues at 19.57 million, a shortfall of \$13.86 million. Tier 2 projects are critical to the goal of truly clean water. These are projects such as wetland easements and river corridor protections that have proven benefits to water quality.

We would ask this Committee to think about these principles when developing solutions.

- The gap is \$62.4 million/year, not \$48.5 million/year.



- To the extent possible, the source of the funds should always be linked to the source of the pollution - impervious surface runoff, inadequate water treatment infrastructure, agricultural runoff, etc.
- Additional sources of revenue can be from those who visit our state to enjoy and use our water - hotel fees, parking fees, rental car fees, etc.
- There should be incentives for working toward reducing water pollution runoff and penalties for lack of action or non-compliance.
- Act 64, temporarily established the property transfer tax clean water surcharge to give the Legislature time to review the different funding mechanisms. Vermont cannot continue to avoid the need to address this problem head on, and that we should not postpone this difficult decision any longer. Generally, when decisions are pushed off, costs will rise which make future decisions and actions more expensive and difficult.
- The General Assembly's duty is to represent the people of the State of Vermont, and is charged to make the best decision for constituents. If we are going to clean up our waters and safeguard the Vermont brand we need full funding via long term, stable sources.
- Many of these projects will create good jobs for Vermonters.

Development of Funding opportunities:

- We support a Tiered, Per Parcel fee tied to impervious surfaces that can be linked to a municipal Stormwater Utility. A Tiered Impervious Surface fee is linked to the source of the pollution and can be spread across the state in a fair and equitable manner.
- When considering this and other types of fees, we ask that the committee recognize the impact to the agricultural community and look for ways to reward actions that reduce pollution runoff and penalize lack of action or adherence to required practices.
- We would support a continuation of Treasurer Pearce's approach of engaging stakeholders, such as agriculture and municipalities, in developing the financial solutions.

Projects and Clean Water Fund Board

- The Department of Environmental Conservation has a list of shovel ready projects to address water pollution.
- Many of the tactical basin plans have identified critical projects that can immediately impact water quality.
- These projects will create meaningful training opportunities and jobs for Vermonters.
- Project designation should be determined by the Clean Water Fund Board and the Legislature should establish clear criterion for projects.
- The Clean Water Fund board should be expanded to include citizen advocates and water



advocacy ngos.

Other Ideas for Clean Water solutions:

- Expansion of Current Use for woody buffers on agricultural lands.
- Support investments in Bio-Digesters and research on ways that excess phosphorus can be harvested.
- Expand restrictions on and develop fees for the usage of herbicides and pesticides, including neonicotinoids that are draining into ground and surface waters.
- Support farmers interested in transitioning to organic or regenerative practices.
- Expand accessibility to citizen suits against polluters.

Thank you for allowing us to testify today in support of full funding as identified in the Treasurer's Clean Water Report.