

Vermont Legislative Joint Fiscal Office

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Preliminary FISCAL NOTE

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S.260 An act relating to funding the cleanup of State waters – House Natural Resources, Fish, And Wildlife Recommendation Of Amendment – Draft 1.3

Bill Summary

This draft proposal of amendment would establish a clean water working group, it would establish a water quality occupancy surcharge of \$2 per night with proceeds directed to the Clean Water Fund. The proposal would make changes to statute for the Clean Water Fund Board and would direct secretaries of three state agencies to coordinate awards of water quality grants and financing, and encourage more funding to be issued as block grants. The proposal would create a process for designating a lake in crisis and establish means for a state government response. Finally, the proposal would direct the Agency of Agriculture to report to the General Assembly on how farming practices could be revised to mitigate environmental impacts.

Fiscal Summary

Sec. 2 Clean Water working group

The proposed amendment would establish a working group to recommend a long-term funding method for water quality improvements in the State. The group would be made up of ten individuals, two of whom would be agency secretaries and the other eight from outside of state government. If the group met eight times, the **cost would be approximately \$8,000** for mileage and per diems. This would be paid for from the Agency of Administration budget in FY19.

Sec. 3-5 Occupancy Surcharge

The proposed amendment would establish a water quality occupancy surcharge of \$2 per night on lodging stays in Vermont. The surcharge would go into effect on January 1, 2020 and revenue would go to the Clean Water Fund.

	<u>FY2020</u>	<u>FY 2021</u>
Estimated revenues¹	\$4.2 million²	\$ 7.0 million

Any expenditures of the new Clean Water Fund dollars would be built into a proposed spending plan from the Clean Water Fund Board and subsequently incorporated into the Governor's budget proposal for FY2020 (to be presented during the 2019 legislative session). The cost to administer the new surcharge has not been provided in this fiscal note but would ultimately offset some of the estimated revenues provided above.

¹ Based on 5-year consensus revenue forecast data and an estimated 3.5 million room bookings per year in Vermont.

² Based on FY16 and FY17 actuals, approximately 60% of rooms tax receipts were received over the second half of the fiscal year.