

Vermont Legislative Joint Fiscal Office

One Baldwin Street • Montpelier, VT 05633-5701 • (802) 828-2295 • Fax: (802) 828-2483

FISCAL NOTE

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Prepared by: Daniel Dickerson

S.34 An Act Relating to Cross-Promoting Development Incentives and State Policy Goals *Senate Finance Committee proposal of amendment*

Sec. 1-2 Rural Economic Development Team

These two sections establish and fund a rural economic development team within the Vermont Housing and Conservation Board (VHCB). Individual positions are not created in this bill. The bill would require VHCB to redirect \$200,000 of its FY18 appropriation from the Vermont Housing and Conservation Trust Fund (VHCTF) to fund the initiation of this program. This appropriation would create pressure on VHCB to make cuts in other areas in FY18 and places additional pressure on the general fund in future years due to the statutory allocation of VHCTF monies. This provision would sunset on July 1, 2023. **Cost: \$200k FY18 from VHCB budget and up to \$400k annually**

Sec. 3 Vermont Milk Commission

This section reconvenes the Vermont Milk Commission in order to create an amendment or replacement for the existing Milk Marketing Order. The existing statute authorizes 8 members of the committee not including the Secretary of Agriculture, Food and Markets (2 Legislative and 6 public). This estimate assumes five total meetings prior to the January 15, 2018 deadline for submitting a proposal to the Legislature. **Cost: \$5-6k FY18 General Fund**

Sec. 6 Department of Environmental Conservation (DEC) Permitting Fees

An air contaminant source would be exempt from base registration fees and annual renewal fees relating to air pollution control permits/registrations under 3 VSA §2822(j)(1)(A) and (B) if the source is from anaerobic digestion of certain types of products. DEC currently registers 15 digester projects on an annual basis that would be exempt from paying air contaminant fees going forward, as would any future digester projects. This provision would sunset on July 1, 2023. **Cost: approximately \$50k Special Fund annually**

Sec. 8-9 Forestry Equipment Sales Tax

This section would establish a sales tax exemption for the purchase of equipment to be used for the commercial cutting or removal of timber. The exemption would only apply if the equipment will be used predominately for commercial purposes (75% or more of the time). Data for the sales of the specific types of timber machinery and equipment listed in this bill is limited. The cost estimate given reflects the cost of exempting “capital expenditures¹” from the sales tax, and which reflects an analysis using data from the Census’ Annual Capital Expenditure Survey, the Bureau of Economic Analysis

¹ From the Census.gov “Glossary of Terms,” a capital expenditure includes the following, “...New and used machinery and equipment used for replacement and additions to plant capacity, if they are of the type for which depreciation, depletion, or (for mining establishments) Office of Minerals Exploration accounts are ordinarily maintained. In addition, for mining establishments, these data include expenditures made during the year for development and exploration of mineral properties...”

and from the Vermont Department of Labor. **Cost: approximately \$100k annually - 65% General Fund and 35% Education Fund**