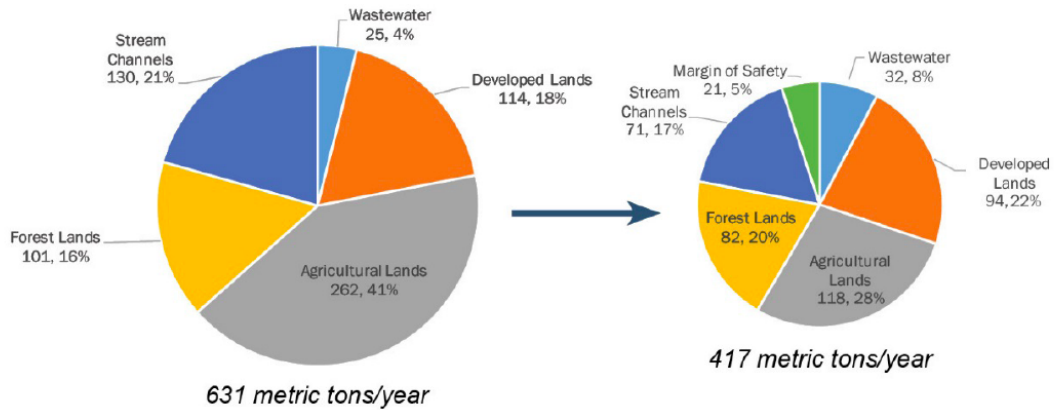


The Need for Stable Long-Term Clean Water Funding

The US EPA has set a phosphorus reduction goal of 34%. We are legally obligated to meet these goals, a plan has been established, but we lack the funding to implement it.

Phosphorus pollution sources in the Vermont portion of the Lake Champlain Basin (left) and the Lake Champlain TMDL target (right).

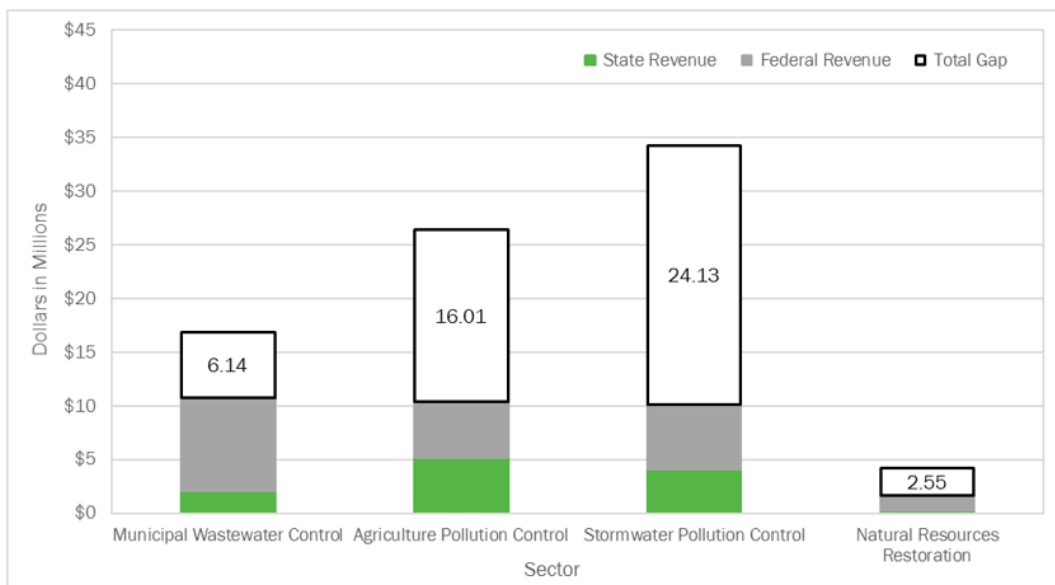


Source: U.S. EPA, Phosphorus TMDLs for Vermont Segments of Lake Champlain, 2016

The Treasurer’s Clean Water Report states the annual “gap” of funding between what is already spent on clean water and what is needed is \$62.4 million, with \$48.5 million needed for Tier 1 costs (“the regulatory cost of compliance”) and \$13.8 million for Tier 2 costs (“that support, enhance, catalyze and accelerate compliance”). Current state and federal revenue is about \$53 million.

Treasurer’s Report – Tier I Gap (By Sector)

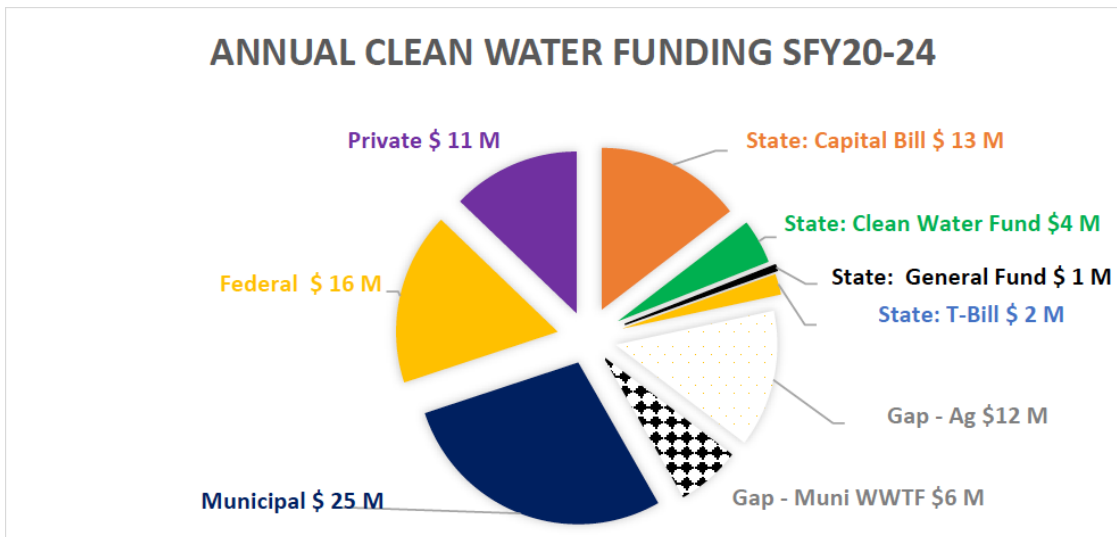
Annualized Average over 20 Years



Source: Power Point “Act 73 Clean Water Working Group and Advisory Council,” Sept. 8, 2017, pg. 2.

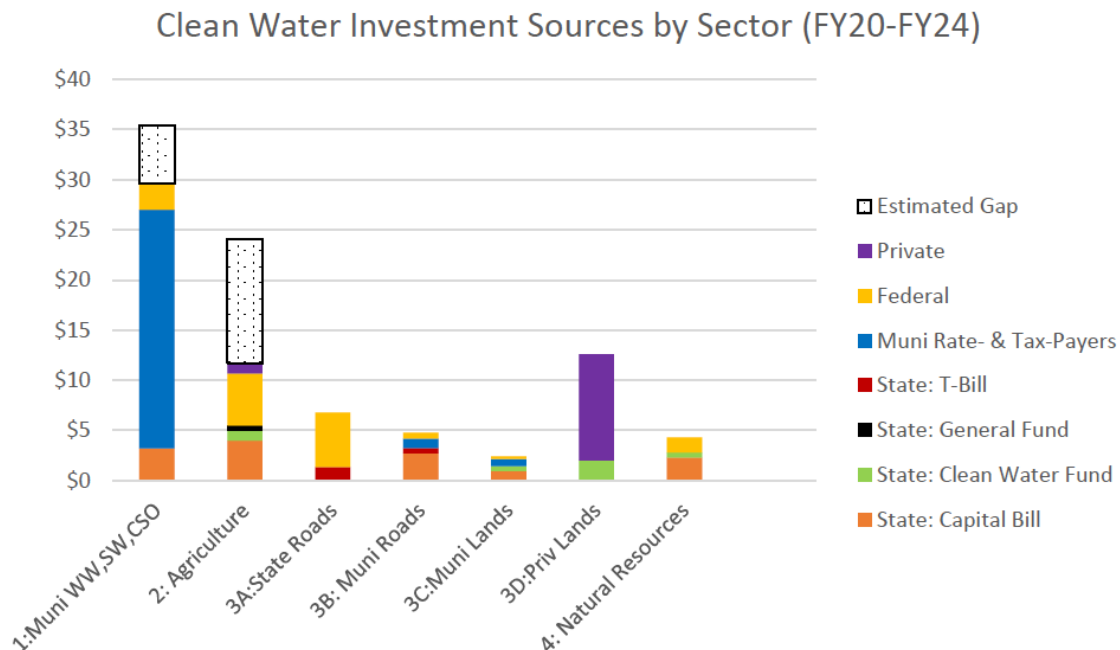
The Agency of Natural Resources (ANR) recommends a state investment of about \$19 million for FY20 and FY21, including \$15 million annually from the Capital Bill and the current \$4 million annually from the Property Transfer Tax Clean Water Surcharge. But there is no recommendation after FY21.

For FY 20 – FY24, ANR estimates the annual compliance cost of clean water is \$90 million, of which \$72 million will come from federal, state, private and municipal sources, leaving a gap. State sources total \$20 million. But, a stable funding source is needed. The funding sources below are “assumptions,” including that federal funding levels will not change and municipalities will raise rates or approve bonds. And with all of this, a gap remains in agriculture and in municipal wastewater spending.



Source: The Report of the Working Group on Water Quality Funding, November 2017, pg. 27.

Viewed by sector, municipalities and the private sector are assumed to pick up large portions of the costs, while the gap in agriculture means that one of the most cost-effective sectors is underfunded.



Source: The Report of the Working Group on Water Quality Funding, November 2017, pg. 30.