

March 23, 2017

To the Senate Committee on Natural Resources and Energy,

Thank you for the opportunity to testify on S.34. Below please find a summary of VNRC's testimony, including recommended changes.

**VNRC supports bringing attention to rural economic development.**

VNRC values strategic investment in rural economies as a strategy for promoting strong human and natural communities, and supporting Vermont's landscape and heritage. This is one of the reasons we've long supported the Working Lands Enterprise Fund – a very successful program that supports farm and forest entrepreneurs – and the Vermont Housing and Conservation Board (VHCB), including VHCB's Farm and Forest Viability Program for business development.

**VNRC supports Sections 8 and 9, the sales tax exemption for forestry equipment.**

- This change would put forestry equipment on par with agricultural equipment.
- The sales tax exemption is consistent with VNRC's work in the Forest Roundtable, where maintaining a sustainable forest products industry is one of the identified priorities.
- This could help operators buy equipment that helps their business's productivity, and even help that operator minimize impacts on the environment, such as with machinery that helps operators harvest with a lighter touch, and also implement the AMPs.

**We believe that other sections of the bill should be modified or eliminated.**

**Rural Economic Development Team at VHCB (Sec. 1)**

- We're concerned that unless there is additional funding given to VHCB, the addition of this responsibility will cut into core work that VHCB is already doing – and doing successfully.
- For example, this work could take away for conservation dollars, which are already expected to be reduced this year from 45% of VHCB's budget to 40% to free up money for housing.

- In this we are in agreement with VHCB – in his testimony in the Senate Agriculture Committee, Gus Seelig stated that funding must be added for VHCB to take on this responsibility.<sup>1</sup>
- **Recommendation:** Ensure that creation of the Rural Economic Development Team does not cut into funding for existing VHCB programs.

### Energy Efficiency Charge Opt-Out (Sec. 5)

- This is for industrial parks located in small towns and rural areas.
- The idea is to allow business owners to “self administer” the energy efficiency charge, which means that they invest at least 75% of the charge they’d otherwise pay to Efficiency Vermont into “cost effective” improvements (which are not defined).
- The Public Service Board would develop criteria for approving businesses’ applications to self-certify. Other than that, there does not appear to be any accountability built in.
- The result could allow businesses to opt out of contributions to the efficiency program, with no guarantee that the forgone money will lead to efficiency improvements.
- Carving out special exceptions to the Energy Efficiency charge could make it harder to administer, less fair, and less effective over the long term.

**Recommendation:** It’s our position that this section should be struck from the bill.

### ANR Permit Fees (Sec. 6)

- This would reduce fees in industrial parks in small towns and rural areas, but “industrial park” is broadly defined. It can be one of two things:
  - An industrial park as defined by Act 250, which is “...an area of land permitted under this chapter that is planned, designed, and zoned as a location for one or more industrial buildings, that includes adequate access roads, utilities, water, sewer, and other services necessary for the uses of the industrial buildings, and includes no retail use except that which is incidental to an industrial use, and no office use except that which is incidental or secondary to an industrial use.” 10 V.S.A. §6001(37)
  - An industrial park permitted under 24 V.S.A. Chapter 117 – local zoning. Municipalities define uses for permitting purposes, and so may have varying definitions of what an “industrial park” is.
- These definitions are so broad that it is impossible to know what will be taking place in “industrial parks” or what impacts those uses may have. By reducing or capping fees, we’re very concerned that the Agency’s funding to undertake thorough and timely review will be harmed.
- Another part of the bill caps the amount of the stormwater permit fee at \$7,500. These fees are needed to maintain the stormwater program and manage the impacts of stormwater. A fee reduction could affect ANR’s ability to address this need.
- **Recommendations:**
  - Review the appropriateness and impacts of this policy during next year’s consideration of the fee bill.
  - Remove 3 V.S.A. §2822(h)(2), the proposed language that caps stormwater fees.

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<sup>1</sup> Kate McCarthy’s testimony to the Senate Natural Resources Committee on 3/23/17 referenced a personal conversation with Gus Seelig, but VHCB’s position on this was officially articulated in the Senate Agriculture Committee.

## Geographic areas defined in the bill

- The bill defines the geographic areas where these various benefits and programs are prioritized. They include “industrial parks” (discussed above) as well as “rural areas” and “small towns.” These definitions cover most of the state’s geographic area.
- Despite this coverage, very few of the programs discussed say anything about how and where these businesses get developed to ensure any new development is consistent with other state policies about land use – particularly long standing policies and investments in downtowns, villages, and preventing sprawl.
- **Recommendation:** Add language clarifying that work undertaken by the Rural Economic Development Team must be compatible with the state’s land use goals as articulated in 24 V.S.A. §4302. *Note: Though it was not discussed in committee, it may be useful to ensure the same is true for the work of the Development Cabinet.*

*Founded in 1963, the Vermont Natural Resources Council (VNRC) is Vermont’s oldest conservation organization. With the support of over 4,000 members and activists, VNRC has worked to protect, restore and promote Vermont’s surface and ground waters, viable communities, forest and wildlife resources, working lands, and energy independence.*