



STATE OF VERMONT
HOUSE OF REPRESENTATIVES

February 27, 2019

Rep. Kitty Toll
Chair, Committee on
Appropriations

Dear Chair Toll:

I am writing on behalf of the Committee on Natural Resources, Fish, and Wildlife (Natural Resources Committee) in response to your letter seeking input on proposals in the Governor's Recommended FY 2020 State Budget. The Natural Resources Committee appreciates the opportunity to provide the following recommendations to you and your Committee regarding issues related to the jurisdiction of the Natural Resources Committee.

1. FY 2020 Department of Environmental Conservation (DEC) Budget

The Natural Resources Committee recommends that the Committee on Appropriations, in consultation with the Committee on Ways and Means, evaluate current DEC permit fee amounts to determine if these fees generate adequate revenue to fund DEC services and avoid anticipated budget shortfalls in FY 2021 to FY 2023. DEC permit fees annually fall approximately \$600,000 short of the base funding needed to operate DEC. The Governor's FY 2020 budget indicates an additional reduction of \$350,000 in base funding.

The Natural Resources Committee believes that DEC anticipates addressing the shortfalls in the short-term through staff attrition from retirements. Our Committee understands, from testimony and recent responses to questions posed by Rep. Feltus to DEC Deputy Commissioner Ellis and DEC Budget Director Joanna Pallito, that DEC plans to review its priorities to determine how to best address staff reductions in the future. While we commend DEC's effort to strategize and plan, our Committee remains concerned that the budget shortfalls and staff reductions will lead to erosion of the public services that DEC is expected to provide to the State.

We are particularly concerned with the timing of the proposed reductions, as DEC will face a significant workload in the near future as it assists municipalities, developers, and the regulated community in taking the necessary actions to achieve the State's commitment to the Clean Water Initiative. We also wish to highlight the critical work that lies ahead for DEC

in addressing emerging chemical contaminants, such as PFOS, and implementing the universal recycling law.

Thus, the Natural Resources Committee recommends that the Committee on Appropriations, in consultation with the Committee on Ways and Means, evaluate and recommend increases in DEC fee levels to avoid budgetary shortfalls in FY 2020 and future fiscal years.

2. FY 2020 Funding of the Vermont Housing and Conservation Board

The Natural Resources Committee recommends fully funding the Vermont Housing and Conservation Board (VHCB) at the statutorily mandated level, which in FY 2020 would be \$21.8 million. VHCB is integral to almost every issue, constituent, and organization overseen by our Committee. Further, every dollar VHCB spends leverages invested dollars at a four-to-one ratio, making appropriations to VHCB one of the State's best investments.

The Natural Resources Committee also appreciates the important work VHCB does for our statewide housing stock. We know the importance of affordable housing and note that, during its 31 years, VHCB has been responsible for much of the affordable housing built in the State. Our Committee values VHCB's work on housing so much that the Committee endorsed using \$31 million from the Clean Water Fund to fund the affordable housing program.

Moreover, as the House Committee with authority over the State's wildlife and natural resources, we understand the value conserved lands play in protecting natural resources from fragmentation and degradation. VHCB's conservation of land is also an important tool in maintaining the State's farm and forest working lands and assisting the State in reaching its clean water goals. VHCB additionally has provided significant support to farmers investing in or implementing agricultural water quality projects.

VHCB'S targeted approach to conservation strengthens our Committee's support for fully funding the Board. The Board is selective in its conservation of land, focusing on important natural areas, threatened and endangered species habitats, wetlands and floodplains that enhance the resiliency of our landscapes, and lands that provide critical habitat for wildlife. Moreover, land conservation in general has a return on investment of nine to one, in that one dollar invested generates nine dollars in environmental benefit.

In addition, as Vermont's population ages, the owners of land and ecologically important property will face pressure to convert the use of their lands for income or for their heirs. VHCB offers these landowners and their families a better solution through conservation. VHCB also utilizes this process to help the next generation of farmers and foresters find land to start

their careers. These solutions benefit the State as a whole, and they should be supported by fully funding VHCB at the statutory level.

3. Sustained Funding for the Department of Fish and Wildlife

As you know, the Department of Fish and Wildlife is funded largely from revenues from the sale of hunting, fishing, and trapping licenses. As the average age of State citizens increases, the number of persons obtaining hunting, fishing, and trapping licenses decreases. As a result, the annual revenues from the sale of hunting, fishing, and trapping licenses have declined steadily since 1990.

These revenue decreases are reflected in DFW's proposed FY 2020 budget. From 2017 to 2018, the number of resident fishing, hunting, and combination licenses sold decreased by 3.3% and decreased 7.6% in 2018 compared to the previous three-year average. Consequently, DFW is facing approximately \$474,809.00 in lost fee revenue in FY 2020.

To offset its budget shortfall, DFW originally proposed to defund programs important to the support and protection of the State's fish and wildlife, including the Salisbury Fish Hatchery, grants to the University of Vermont's Cooperative Research Unit, and a fishing promotion subgrant. However, the Department has since offered an alternative proposal of increasing all individual license fees by \$2 and all combination license fees by \$5. This proposal will close much, but not all, of the budget shortfall for DFW in FY 2020.

The Natural Resources Committee supports the license fee increases proposed by DFW. The Natural Resources Committee strongly recommends that the Committee on Appropriations find other revenue to close the remaining FY 2020 budget shortfall. The Natural Resources Committee believes that the State should not defund important programs to meet budget shortfalls.

If permit fees are increased this year to offset DFW budget shortfalls, the Department will continue to face budget pressures in the future as the population ages and license revenue decreases. Consequently, the State must explore other funding options for DFW. One sector to explore is the use of natural resources for activities other than fishing, hunting, and trapping.

Many Vermonters and persons visiting the State enjoy the State's natural resources for recreational activities other than fishing, hunting, and trapping. The Committee on Natural Resources recommends that the Committee on Appropriations, in consultation with the Committee on Ways and Means, explore the development of a stable, long-term revenue source for DFW that incorporates all recreational uses of the State's natural resources.

4. Vermont Climate Commission Recommendations

On July 31, 2018, the Vermont Climate Commission, formed by Governor Scott issued recommendations for reducing greenhouse gas emissions and combating climate change. The Committee on Natural Resources supports two of the Climate Commission's recommendations: 1) using Volkswagen settlement funds to provide incentives for the purchase of electric vehicles and 2) doubling the funding of weatherization programs in the State. Funding these recommendations will have significant, immediate benefits for the reduction of greenhouse gases in the State.

Transportation is the largest contributor of greenhouse gas emissions in Vermont (approximately 43%). As noted by the Vermont Climate Commission, electrification of the transportation sector will help reduce greenhouse gas emissions and keep more of the dollars spent on transportation fuels in the State. Using the Volkswagen settlement funds to provide an electric vehicle purchase incentive will allow more Vermonters to afford electric vehicles and, consequently, allow all Vermonters to share in improved air quality.

Thermal energy use is the second-largest contributor to Vermont's greenhouse gas emissions (approximately 24%). Investing in thermal efficiency improvements, primarily air sealing, insulation, and heating system replacements, can dramatically reduce a building's thermal fuel requirements while increasing its affordability. Current resources to meet Vermont's low-income weatherization goals are inadequate, and many Vermonters cannot afford the costs of weatherization. Doubling the appropriations for weatherization will improve the quality of life of Vermonters with low income while also achieving significant reductions in greenhouse gas emissions.

Thank you again for the opportunity to provide recommendations and feedback on the issues in the Governor's Recommended FY 2020 State Budget that fall within the jurisdiction of the Committee on Natural Resources. We believe the Committee's recommendations are reasonable and will significantly benefit the citizens and natural resources of the State. Thank you in advance for your consideration of our recommendations, please let me know if you need additional information or input.

Sincerely,



Rep. Amy Sheldon
Chair, Committee on Natural Resources,
Fish, and Wildlife