Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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S.160 An act relating to agricultural development – House Agriculture And Forestry Recommendation Of Amendment – Draft 4.1

https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/S.160%20rural%20economic%20development/Drafts,%20Amendments,%20Summaries/S.160~Michael%20O'Grady~as%20recommended%20out%20of%20House%20Agriculture%20and%20Forestry%20Committee~5-8-2019.pdf

Fiscal Summary

Sec. 5 – Clean Water Affinity Card

This bill would alter the current affinity card program in statute from a Vermont Affinity Card to the VT Clean Water Affinity Card. The Treasurer would be authorized to sponsor and participate in the program, just as under current law. Any revenues from fees and royalties would go to the Clean Water Fund per this bill, rather than to funds/programs chosen by the affinity card holder, as under current law. The affinity card program does not currently exist in practice, and the Treasurer's office has indicated that the cost to manage such a program, were it to be implemented, would likely be greater than any revenues that would flow to the Clean Water Fund.

Sec. 12-14 – Grant programs in FPR

These sections would set up two grant programs within the Department of Forests, Parks and Recreation (FPR). One program (Sec. 12) would be aimed at logger safety and the other (Sec. 13) would be aimed at value-added forest products development. Sec. 14 clarifies that the implementation of both new grant programs would be subject to appropriations by the General Assembly in FY2020. The Senate-passed budget contains $120,000 in FY20 for the two grant programs.

Sec. 15 – Environmental Permitting Fees (Sunset)

This section would repeal the sunset of the maximum fee of $200 for pipelines through wetlands that transport manure when the pipeline will serve a water quality or conservation practice. The maximum fee for these projects was established in Act 194 of 2018 (Sec. 8), while the sunset was set in the same act (Sec. 8a.). The sunset is currently July 1, 2019. This establishment of the maximum fee was previously estimated to have a de minimus impact on permitting revenues by the Department of Environmental Conservation (DEC).

Sec. 16 – Environmental Permitting Fees

This section expands on the types of wetland projects that would qualify for the $200 maximum fee for permitting. A new category of "water quality improvement projects" would be defined and these projects would qualify for the $200 fee rather than the fee based on square footage of proposed impact. The bill would additionally set a maximum fee of $5,000 for structures subject to wetland permits, when the structure would be used for farming. DEC estimates that subjecting water quality improvement projects to the lower maximum fees would result in approximately $20,000 of lost permit revenue per year, and potentially more going forward as the Department believes that there will be an increase in water quality improvement projects in future years. DEC estimates that it will be able to absorb this revenue loss going forward.

Sec. 18 – Advanced Wood Boiler Sales Tax Exemption
This section would extend the sunset on the sales tax exemption for advanced wood boilers that was set in law via Act 194 of 2018 (Sec. 26b.). The sunset is currently July 1, 2021 and would be extended to July 1, 2023. This section would also direct the Clean Energy Development Fund (CEDF) to continue reimbursing the General Fund (GF) and Education Fund (EF) for lost sales tax revenue due to the exemption, up to a total of $100,000 per year, through July 1, 2023. JFO previously estimated that the cost of the sales tax exemption would be approximately $75,000 to $85,000 per year.

If this section were to remain in the bill, the General Assembly should consider updating the language from Act 194 of 2018, Sec. 26b.(b) to reflect the new allocation of sales tax revenue, which now goes 100% to the Education Fund rather than the previous split of 64/36 GF/EF. The language in law currently directs the CEDF to reimburse the General Fund for the cost of the exemption, and for the Tax Dept. to split the reimbursement 64/36 GF/EF.