Vermont Legislative Joint Fiscal Office

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

FISCAL NOTE

Date: April 6, 2021

Prepared by: Graham Campbell and Daniel Dickerson

S.101 An act relating to promoting housing choice and opportunity in smart growth areas – As passed by the Senate

https://legislature.vermont.gov/Documents/2022/Docs/BILLS/S-0101/S-0101%20As%20Passed%20by%20the%20Senate%20Unofficial.pdf

Summary

This bill proposes to make changes to promote housing choice and opportunity in smart growth areas. It updates the statute of the Municipal and Regional Planning Fund to allow grants to municipalities seeking to modernize their bylaws to increase housing choice. It expands the eligibility of the Downtown and Village Center tax credit program to Neighborhood Development Areas (NDAs). It also allows municipalities to issue authorization for water system connections in lieu of state permitting, while also exempting them from state fees for those projects.

Fiscal Impacts

Section 5 proposes to revise the Downtown and Village Center tax credit program by expanding the eligibility of the existing credits to NDAs. This expansion is not expected to reduce revenues by itself because the program's credits are still limited by statute.

Sec. 11 proposes to delegate authority to municipalities to permit wastewater and potable water service connections. Currently this authority resides with the Dept. of Environmental Conservation (DEC), although there is a provision in current law for partial delegation to municipalities. Under the proposal, the municipality would need to register these projects with DEC and the project would have to meet certain criteria described in the bill.

Currently DEC assesses fees for connections that vary based on design flows. These fees raise approximately $1.0 to $1.1 million per year to DEC's Environmental Permit Fund. Projects that are permitted by municipalities as described above would be exempt from the DEC fees (Sec. 10). DEC estimates that this fee exemption could have a revenue impact of up to $275,000 annually, but the impact would be dependent on municipalities and connection projects taking advantage of the new permitting mechanism. It is unlikely that the full revenue impact would be incurred in FY22. The FY22 impact is estimated to be $150,000.