

1 Introduced by Committee on Environment

2 Date:

3 Subject: Conservation and development; water quality; stormwater; three-acre
4 permit

5 Statement of purpose of bill as introduced: This bill proposes to amend
6 requirements related to the permitting of stormwater systems in the State. The
7 bill would extend the deadline by which owners of impervious surface subject
8 to the three-acre impervious surface permit must complete permitting. The bill
9 also would allow municipalities that assume full legal responsibility for a
10 stormwater system to assess municipal impact fees on users of the stormwater
11 system. In addition, the bill repeals the sunset of the clean water surcharge on
12 the property transfer tax.

13 An act relating to stormwater management

14 It is hereby enacted by the General Assembly of the State of Vermont:

15 Sec. 1. 10 V.S.A. § 1264 is amended to read:

16 **§ 1264. STORMWATER MANAGEMENT**

17 * * *

18 (d) Exemptions.

19 * * *

1 that did not incorporate the requirements of the 2002 Stormwater Management
2 Manual or any subsequently adopted Stormwater Management Manual. Under
3 the general permit, the Secretary shall:

4 (A) Establish a schedule for implementation of the general permit by
5 geographic area of the State. The schedule shall establish the date by which an
6 owner of impervious surface shall apply for coverage under this subdivision

7 (3). The schedule established by the Secretary shall require an owner of
8 impervious surface subject to permitting under this subdivision to obtain
9 coverage by the following dates:

10 (i) for impervious surface located within the Lake Champlain
11 watershed, the Lake Memphremagog watershed, or the watershed of a
12 stormwater-impaired water on or before October 1, 2023 2028; and

13 (ii) for impervious surface located within all other watersheds of
14 the State, no later than October 1, 2033.

15 (B) Establish criteria and technical standards, such as best
16 management practices, for implementation of stormwater improvements for the
17 retrofitting of impervious surface subject to permitting under this subdivision

18 (3).

19 (C) Require that a discharge of stormwater from impervious surface
20 subject to the requirements of this section comply with the standards of

1 subsection (h) of this section for redevelopment of or renewal of a permit for
2 existing impervious surface.

3 (D) Allow the use of stormwater impact fees, offsets, and phosphorus
4 credit trading within the watershed of the water to which the stormwater
5 discharges or runs off.

6 * * *

7 Sec. 2. REPEALS; SUNSET OF PROPERTY TRANSFER TAX CLEAN
8 WATER SURCHARGE

9 (a) 2017 Acts and Resolves No. 85, Sec. I.10 (sunset of clean water
10 surchARGE), as amended by 2024 Acts and Resolves No. 181, is repealed.

11 (b) 2017 Acts and Resolves No. 85, Sec. I.11(a)(5) (effective date of sunset
12 of clean water surcharge) is repealed.

13 Sec. 3. 2017 Acts and Resolves No. 85, Sec. I.1(b) is amended to read:

14 (b) Purpose and intent.

15 (1) The purpose of Secs. I.1–I.12 of this act is to promote the
16 development and improvement of housing for Vermonters.

17 (2) It is the intent of the General Assembly:

18 (A) to extend the clean water surcharge to provide ~~an interim a~~
19 source of revenue for addressing water quality issues throughout the State; and

1 (B) to continue its work on identifying a long-term funding source or
2 sources that are sufficient in scope and targeted in design to address these
3 water quality issues; ~~and~~

4 ~~(C) once one or more long-term funding sources are identified and~~
5 ~~enacted, but not later than July 1, 2027, to reduce the amount of the clean~~
6 ~~water surcharge to 0.04 percent.~~

7 Sec. 4. 2017 Acts and Resolves No. 85, Sec. I.12 is amended to read:

8 Sec. I.12. EFFECTIVE DATES

9 (a) Secs. I.1–I.12 shall take effect on July 1, 2017, ~~except that Sec. I.10~~
10 ~~(allocating clean water surcharge revenue to Vermont Housing and~~
11 ~~Conservation Trust Fund) shall take effect on July 1, 2027.~~

12 Sec. 5. 2017 Acts and Resolves No. 85, Sec. I.7(d) is amended to read:

13 (d) To compensate for this reduction of available property transfer tax
14 revenue, it is the intent of the General Assembly through this act to provide for
15 the transfer of \$2,500,000.00 to the Vermont Housing and Conservation Trust
16 Fund, as follows:

17 (1) Sec. D.100 of this act appropriates \$11,304,840.00 in fiscal year
18 2018 from the Vermont Housing and Conservation Trust Fund to the Vermont
19 Housing and Conservation Board. Upon the effective date of this act,
20 \$1,500,000.00 shall revert to the Fund, resulting in a fiscal year 2018 total
21 appropriation to the Board of \$9,804,840.00. In fiscal year 2018 only, the

1 amount of \$1,500,000.00 from the Vermont Housing and Conservation Trust
2 Fund shall be transferred to the General Fund.

3 (2) As provided in Sec. I.9 of this act, ~~from July 1, 2017 until~~
4 ~~July 1, 2027~~, pursuant to 32 V.S.A. § 9602a, the first \$1,000,000.00 in revenue
5 generated by the clean water surcharge of ~~0.2~~ 0.22 percent shall be transferred
6 to the Vermont Housing and Conservation Trust Fund. In fiscal year 2018
7 only, the Commissioner shall transfer the amount of \$1,000,000.00 from the
8 Vermont Housing and Conservation Trust Fund to the General Fund.

9 (3) ~~After July 1, 2027, pursuant to 32 V.S.A. § 9602a as amended in~~
10 ~~Sec. I.10 of this act, \$1,000,000.00 in total revenue generated by the clean~~
11 ~~water surcharge of 0.04 percent shall be transferred to the Vermont Housing~~
12 ~~and Conservation Trust Fund. [Repealed.]~~

13 (4) ~~As provided in Sec. I.11 of this act, the clean water surcharge will be~~
14 ~~repealed in its entirety on July 1, 2039. [Repealed.]~~

15 Sec. 6. 10 V.S.A. §§ 927 and 928 are amended to read:

16 § 927. DEVELOPED LANDS IMPLEMENTATION ~~GRANT~~ PROGRAM

17 The Secretary shall administer a Developed Lands Implementation ~~Grant~~
18 Program to provide ~~grants or financing~~ financial assistance to persons who are
19 required to obtain a permit to implement regulatory requirements that are
20 necessary to achieve water quality standards. ~~The grant or financing program~~
21 ~~shall only be available in basins where a clean water service provider has met~~

1 ~~its annual goals or is making sufficient progress, as determined by the~~
2 ~~Secretary, towards those goals.~~ This grant program shall fund or provide
3 financing for projects related to the permitting of impervious surface of three
4 acres or more under subdivision 1264(g)(3) of this title and for a permit
5 renewal under subdivision 1264(h)(2) of this title for a discharge to a
6 stormwater-impaired water that was permitted under an individual permit or a
7 general permit that did not incorporate the requirements of the 2002
8 Stormwater Management Manual or any subsequently adopted Stormwater
9 Management Manual. Not more than 15 percent of the total grant amount
10 awarded shall be used for administrative costs.

11 § 928. MUNICIPAL STORMWATER IMPLEMENTATION ~~GRANT~~
12 PROGRAM

13 The Secretary shall administer a Municipal Stormwater Implementation
14 Grant Program to provide ~~grants~~ financial assistance to any municipality
15 required under section 1264 of this title to obtain or seek coverage under the
16 municipal roads general permit, the municipal separate storm sewer systems
17 permit, a permit for impervious surface of three acres or more, or a permit
18 required by the Secretary to reduce the adverse impacts to water quality of a
19 discharge or stormwater runoff. ~~The grant program shall only be available in~~
20 ~~basins where a clean water service provider has met its annual goals or is~~
21 ~~making sufficient progress, as determined by the Secretary, towards those~~

1 ~~goals.~~ Not more than 15 percent of the total grant amount awarded shall be
2 used for administrative costs. This grant program shall be available to a
3 municipality to comply with a permit for impervious surface of three acres or
4 more for a residential subdivision when the municipality assumes full legal
5 responsibility for the stormwater system of the residential subdivision under
6 subsection 1264(c)(7) of this title.

7 Sec. 7. 10 V.S.A. § 1389(e) is amended to read:

8 (e) Priorities. In making recommendations under subsection (d) of this
9 section regarding the appropriate allocation of funds from the Clean Water
10 Fund, the Board shall prioritize as follows:

11 (1) As a first priority, make recommendations regarding funding for the
12 following grants and programs, which shall each be given equal priority:

13 (A) grants to clean water service providers to fund the reasonable
14 costs associated with the inspection, verification, operation, and maintenance
15 of clean water projects in a basin;

16 (B) the Water Quality Restoration Formula Grant under section 925
17 of this title;

18 (C) the Agency of Agriculture, Food and Markets' agricultural water
19 quality programs; and

20 (D) the Water Quality Enhancement Grants under section 926 of this
21 title at a funding level of at least 20 percent of the annual balance of the Clean

1 Water Fund, provided that the maximum amount recommended under this
2 subdivision (D) in any year shall not exceed \$5,000,000.00; and

3 (E) funding to partners for basin planning, basin water quality
4 council participation, education, and outreach as provided in subdivision
5 1253(d)(3) of this title, provided funding shall be at least \$500,000.00.

6 (2) As the next priority after reviewing funding requests for programs
7 identified under subdivision (1) of this subsection:

8 (A) funding to programs or projects that address or repair riparian
9 conditions that increase the risk of flooding or pose a threat to life or property;

10 (B) funding for education and outreach regarding the implementation
11 of water quality requirements, including funding for education, outreach,
12 demonstration, and access to tools for the implementation of the Acceptable
13 Management Practices for Maintaining Water Quality on Logging Jobs in
14 Vermont, as adopted by the Commissioner of Forests, Parks and Recreation;

15 (C) funding for the Municipal Stormwater Implementation Grant as
16 provided in section 928 of this title, including at least \$1,000,000.00 annually
17 for residential subdivisions under subsection 1264(c)(7) of this title when the
18 municipality assumes full legal responsibility for the stormwater system;

19 (D) funding for innovative or alternative technologies or practices
20 designed to improve water quality or reduce sources of pollution to surface
21 waters, including funding for innovative nutrient removal technologies and

1 community-based methane digesters that utilize manure, wastewater, and food
2 residuals to produce energy; ~~and~~

3 (E) funding to purchase agricultural land in order to take that land out
4 of practice when the State water quality requirements cannot be remediated
5 through agricultural Best Management Practices.

6 (3) As the next priority after reviewing funding requests under
7 subdivisions (1) and (2) of this subsection, funding for the Developed Lands
8 Implementation Grant Program as provided in section 927 of this title.

9 Sec. 8. APPROPRIATION

10 Notwithstanding any other provision of law, the Clean Water Board shall
11 direct \$5,000,000.00 from the Clean Water Fund in fiscal year 2027 to the
12 Municipal Stormwater Implementation Program Section 928 of this title for
13 costs of complying with permitting requirements under subdivision 1264(c)(7)
14 of this title for residential subdivisions when the municipality assumes full
15 legal responsibility for the stormwater system.

16 Sec. 9. 24 V.S.A. § 3616 is amended to read:

17 § 3616. RENTS; RATES

18 (a) A municipal corporation, through its board may establish rates, rents, or
19 charges to be paid as the board may prescribe. The board may establish annual
20 charges separately for bond repayment, fixed operations and maintenance costs
21 and variable operations and maintenance costs dependent on flow.

1 (b) The rates, rents, or charges may be based upon:

2 (1) the metered consumption of water on premises connected with the
3 sewer system, however, the board may determine no user will be billed for
4 fixed operations and maintenance costs and bond payment less than the
5 average single-family charge;

6 (2) the number of equivalent units connected with or served by the
7 sewage system based upon their estimated flows compared to the estimated
8 flows from a single-family dwelling, however, the board may determine no
9 user will be billed less than the minimum charge determined for the single-
10 family dwelling charge for fixed operations and maintenance costs and bond
11 payment;

12 * * *

13 (6) for groundwater, surface, or stormwater an equivalent residential
14 unit based on an average or median of the area of impervious surface on
15 residential property within the municipality; or

16 (7) any combination of these bases, provided the combination is
17 equitable.

18 * * *

19 Sec. 10. STUDY COMMITTEE ON CREATION OF REGIONAL
20 STORMWATER UTILITY DISTRICTS

1 (a) Creation. There is created the Study Committee on the Creation of
2 Regional Stormwater Utility Districts to review the feasibility and benefit of
3 creating regional stormwater utility districts to facilitate implementation and
4 compliance with the water quality laws of the State.

5 (b) Membership. The Study Committee shall be composed of the
6 following members:

7 (1) the Commissioner of Environmental Conservation or designee;

8 (2) a representative of the Vermont League of Cities and Towns,
9 appointed by the Speaker of the House;

10 (3) a representative of a municipality subject to the municipal separate
11 storm sewer system (MS4) permit, appointed by the Committee on
12 Committees;

13 (4) a representative of a municipality with a population under 2,500
14 persons, appointed by the Speaker of the House;

15 (5) a representative of the Green Mountain Water Environment
16 Association, appointed by the Speaker of the House;

17 (6) a commercial or industrial business owner subject to the three-acre
18 stormwater permit or other stormwater requirements, appointed by the
19 Committee on Committees; and

20 (7) a representative of an environmental advocacy organization,
21 appointed by the Speaker of the House.

1 (c) Powers and duties. The Study Committee shall review the feasibility of
2 establishing regional stormwater utility districts in the State. The Study
3 Committee shall:

4 (1) review current statutory authority for the development of regional
5 stormwater utility districts comprised of multiple municipalities, including
6 potential disincentives or obstacles to utility formation;

7 (2) propose how the State could implement a regional stormwater utility
8 approach that would allow municipalities to assign liability or responsibility
9 for compliance with water quality laws to the utility, including how a utility
10 could assume responsibility for the permitting of properties subject to the
11 three-acre stormwater permit;

12 (3) recommend whether and how to authorize a regional stormwater
13 utility to assess fees or charges to residents and businesses within the regional
14 stormwater utility district;

15 (4) propose how a regional stormwater utility district could be eligible
16 for Clean Water State Revolving Loan Fund awards; and

17 (5) recommend whether statute should be amended to implement any of
18 the recommendations of the Study Committee.

19 (d) Assistance. The Study Committee shall have the administrative,
20 technical, and legal assistance of the Department of Environmental
21 Conservation.

1 (e) Report. On or before January 15, 2026, the Study Committee shall
2 submit a written report to the House Committees on Environment and on
3 Government Operations and Military Affairs and the Senate Committees on
4 Natural Resources and Energy and on Government Operations with its findings
5 and any recommendations for legislative action.

6 (f) Meetings.

7 (1) The Commissioner of Environmental Conservation or designee shall
8 call the first meeting of the Study Committee.

9 (2) The Commissioner of Environmental Conservation or designee shall
10 be the Chair.

11 (3) A majority of the membership shall constitute a quorum.

12 (4) The Study Committee shall cease to exist on March 1, 2026.

13 (g) Compensation and reimbursement. Members of the Study Committee
14 shall be entitled to per diem compensation and reimbursement of expenses as
15 permitted under 32 V.S.A. § 1010 for not more than eight meetings. These
16 payments shall be made from monies appropriated to the Agency of Natural
17 Resources.

18 Sec. 10. EFFECTIVE DATE

19 This act shall take effect on July 1, 2025.