



Comments on Agency of Natural Resources FY26 Budget Proposal

Jared Carpenter

Lake Champlain Committee

Before the House Committee on Environment

February 26, 2025



Key Items in Governor's Proposed FY26 Budget

- 1) Repeal of the 2027 Sunset of the Property Transfer Tax Clean Water Surcharge (*Sec.E.715*).
- 2) \$14.5 million for state match to draw down \$73.4 million in funds from the Infrastructure Investment and Jobs Act (IIJA) / Bipartisan Infrastructure Law (BIL) for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) (*Sec.D.103*).
- 3) \$850,000 for ANR CAFO database project / contract support and two Full Time Employees for the ANR CAFO Program (*Sec.B.1100 (m)*).



(1) The PTT is an integral part of the Clean Water Fund

Estimates based on July 2024 projections

FY19	\$4.99 million
FY20	\$4.97
FY21	\$8.32
FY22	\$12.09
FY23	\$9.19
FY24	\$8.14
<i>FY25</i>	<i>\$8.51</i>
<i>FY26</i>	<i>\$8.68</i>
<i>FY27</i>	<i>\$8.95</i>

Proposed FY26 Clean Water Budget

State Revenue (Clean Water Fund)	
PTT	\$8,680,000 (31% of CWF)
Escheats	\$3,476,062 (12%)
M&R Tax	\$16,326,000 (57%)
Clean Water Fund Total	\$28,482,062
Capital Funds	\$10,000,000
One Time Funds	\$7,528,050
Total	\$46,010,112



(2) \$14.5 million as match for IIJA / BIL funding ...

FY26 Proposed Budget Sec.D. 103

(a)(2) Other Infrastructure, Essential Investments and Reserves Subaccount in the Cash for Capital and Essential Investments Fund

(B) \$14,500,000 is **unreserved** for use by the Department of Environmental Conservation in accordance with the provisions for which the funds were originally reserved in 2023 Acts and Resolves No. 78, Sec. C.108(b).

FY24 Budget

Sec. C.108 RESERVES FOR INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA) MATCH

(b) To the extent available in fiscal years 2023 and 2024, the amount of \$14,500,000 is **reserved** in the Other Infrastructure, Essential Investments, and Reserves subaccount of the Cash Fund for Capital and Essential Investments to provide the State match in fiscal years 2025 and 2026 needed for federal funding for water and wastewater related projects under the IIJA. **These funds shall only be expended if authorized by the General Assembly.**



... will draw down \$73.4 million in federal funds in State FY26 and '27 for wastewater and drinking water infrastructure, including for repairs of municipal systems damaged in the 2023 and 2024 floods

		<u>Match</u>	<u>CWSRF</u>	<u>DWSRF</u>	<u>Total</u>
Allocation	FY23	\$2.67 (10% match needed) = 8.73		17.99	26.72
	FY24	\$3.10 (10% match) =	10.23	20.82	31.05
	FY25	\$6.77 (20% match) =	11.16	22.73	33.89
	<i>Subtotal</i>	<i>\$12.54</i>	<i>30.12</i>	<i>61.54</i>	<i>91.66</i>
Still Need	FY26	\$7.34 (20% match needed) =12.09		24.62	36.71
	FY27	\$7.34 (20% match) =	12.09	24.62	36.71
	<i>Subtotal</i>	<i>\$14.68</i>	<i>24.18</i>	<i>49.24</i>	<i>73.42</i>
	<i>Total :</i>	<i>\$27.22</i>	<i>54.30</i>	<i>110.78</i>	<i>165.08</i>

\$2.6 mil was allocated in the FY23 Budget. In the FY24, 25 Capital Bill, match of \$9.8 million was provided for the second and third year.



(3) While the advocates and ANR disagree on the policy of agriculture water quality enforcement and permitting going forward, this funding is a good start.

This Committee will need to determine changes in the enforcement policy, but the advocates support the following:

- Base funding for two Full Time Employees in the CAFO program
 - H.146 shifts funding from the Agriculture Water Quality Special Fund from AAFM to ANR, using these permit fees to pay for staff with a goal of being budget-neutral. But ANR always needs more staff regardless.
- \$850,000 General Fund for the [ANR] Confined Animals Feeding Operation database project and contractor support.
 - This database will be needed regardless of the policy decision on the extent of the enforcement shift to ANR, so best to get it started as soon as possible.



One addition for the proposed FY26 Budget:

Funding for implementation of S.29, An act relating to establishing the Chloride Contamination Reduction Program at the Agency of Natural Resources. aka 'the Salt Bill.'

To establish and implement the voluntary certification program to reduce road salt use, ANR has requested, and the advocates support:

- \$250,000 in one-time funding for an external organization to establish the programs, and
- \$150,000 in base funding for one Full-Time Employee at ANR to manage the program.