



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

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S.124 – An act relating to miscellaneous agricultural subjects

As passed by the Senate^{1,i}

Bill Summary

This bill proposes amendments to clarify the responsibilities of the Secretary of Agriculture, Food and Markets and the Secretary of Natural Resources in regulating agricultural water quality on farms. The bill would clarify the Agency of Natural Resources' (ANR's) authority to administer Concentrated Animal Feeding Operation (CAFO) regulations under the federal Clean Water Act and amend some requirements administered by the Agency of Agriculture, Food and Markets (AAFM) to ensure consistency with federal law.

Fiscal Impact

As passed by the Senate, this bill would have a de minimis fiscal impact on State revenue. The bill would shift some permitting functions from AAFM to ANR and deposit some future fee revenue to the Environmental Permit Special Fund rather than the Agricultural Water Quality Special Fund. However, the bill would not increase total fee revenue.

Based on communications between the Joint Fiscal Office (JFO), AAFM, and ANR, this bill is not expected to significantly alter State expenditures, fees paid by regulated entities, or the number of farms subject to permitting requirements.

Background and Details

This bill would clarify the respective responsibilities of ANR and AAFM in regulating agricultural water quality on farms. The bill would establish when farms must obtain a CAFO permit from ANR under the federal Clean Water Act and ANR's authority over CAFO permitting.²

Currently, certain farm owners and operators must obtain either a Medium Farm Operations (MFO) or Large Farm Operations (LFO) permit from AAFM. MFO and LFO permit holders pay an annual operating fee of \$1,500 or \$2,500, respectively, to the Agricultural Water Quality Special Fund. This fund supports AAFM's inspection and compliance activities.

¹ *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

² *The bill would also clarify AAFM's responsibility for agricultural nonpoint source pollution control programs. These provisions do not have a fiscal impact.*

This bill would require some farms with MFO or LFO permits from AAFM to obtain a CAFO permit from ANR. This requirement would be carried out as follows:

- With assistance from AAFM, ANR would identify MFOs or LFOs that may discharge pollutants into waters of the State.
- If a farm discharge is identified that triggers federal Clean Water Act CAFO permitting requirements, ANR would require the farm owner or operator to obtain a CAFO permit and pay an associated annual fee.
- The CAFO permit fees at ANR would mirror existing MFO and LFO permit fees at AAFM: \$1,500 for medium farms and \$2,500 for large farms. Fee revenue would be deposited into the Environmental Permit Special Fund, which supports ANR's permitting and compliance functions.
- No individual farm would pay both types of permit fees. A farm subject to both MFO/LFO and CAFO permitting requirements would only be required to pay the CAFO permit fee. (LFO permit holders could be required to obtain both permit types but would only pay the CAFO permit fee; MFO permit holders subject to CAFO regulations would only be required to maintain a CAFO permit going forward.)

According to AAFM, there are currently 98 medium farms and 36 large farms with MFO or LFO permits. To the extent MFO or LFO permit holders are required to obtain a CAFO permit, this bill would shift revenue from the Agricultural Water Quality Special Fund to the Environmental Permit Special Fund. Since the fee structures are identical and no entity would pay both fees, total State fee revenue would remain unchanged.

To the extent that this change decreases fee revenue for the Agricultural Water Quality Special Fund, it could necessitate an increase in the amount of future transfers needed from the Clean Water Fund to the Agricultural Water Quality Special Fund. However, the amount of revenue generated from MFO and LFO permits is relatively small compared to the size of recent Clean Water Fund transfers. For example, the Agricultural Water Quality Special Fund received \$239,000 in MFO and LFO permit fee revenue in fiscal year 2024, compared to a \$6.68 million transfer from the Clean Water Fund in Act 78 (the fiscal year 2024 appropriations act).

ⁱ The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be accessed through a bill number search on the JFO page.