

Vermont Legislative Joint Fiscal Office

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

FISCAL NOTE

Date: November 15, 2019
Prepared by: Daniel Dickerson

S.160 (Act 83) An act relating to agricultural development – As Passed by the General Assembly

<https://legislature.vermont.gov/Documents/2020/Docs/ACTS/ACT083/ACT083%20As%20Enacted.pdf>

Fiscal Summary

Sec. 4 – 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. 10-12 – Grant programs in FPR

These sections would set up two grant programs within the Department of Forests, Parks and Recreation (FPR). One program (Sec. 10) would be aimed at logger safety and the other (Sec. 11) 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 final 2019 appropriations bill contains \$120,000 in FY20 for the two grant programs.¹

Sec. 13 – 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. 18 – Advanced Wood Boiler Sales Tax Exemption

¹ Act 72 of 2019, Sec. C.100(a)(28)

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 reporting the foregone revenue from the sales tax exemption to the Tax Department through July 1, 2023. The CEDF will also still be required to reimburse the Education Fund for any foregone sales tax revenues in FY19 and FY20 (as was already the case under current law, prior to the passage of this bill). The total amount of the reimbursement shall be up to \$200,000 for the two-year period.

JFO previously estimated that the cost of the sales tax exemption would be approximately \$75,000 to \$85,000 per year. The CEDF reported approximately \$37,000 in foregone sales tax revenue in State FY2019. It is likely that yearly foregone revenue in future years will be approximately \$40,000 to \$50,000 but could go higher if the State takes further actions to incentivize the purchase of advanced wood heating systems.