



2013 Lake Champlain Action Plan

Overarching Theme for 2013

Establish sustainable funding sources, beyond annual state and federal appropriations, dedicated to investing in healthy streams and clean lakes.

INTRODUCTION

Reliable funding for comprehensive water quality improvement is essential to protect and restore Vermont's waters. The Vermont Citizens Advisory Committee (VTCAC) on Lake Champlain's Future recommends several funding strategies to invest in healthy streams and lakes and reinforce our shared responsibility for waters we use for fishing, swimming, boating, drinking water, and other uses. Sustainable funding will foster proactive approaches to water quality protection and slow degradation.

Primary needs for reliable funding

Clean water supports agriculture, tourism, recreation, and other businesses important to the state. Additional resources are required for:

- direct technical assistance to towns for land development review
- environmental regulation compliance on Vermont farms
- wastewater and stormwater infrastructure upgrades and maintenance
- riparian area and shoreline protection
- erosion-reducing road and bridge construction

A robust loan and grant program is critically needed for stormwater and wastewater management, public recreation access, habitat and shoreline protection, and agricultural and forest land stewardship. Administering these funds will require an approach that provides both geographic equity and balance among and across land-use sectors.

Five ways to make a difference

In recent years, the VTCAC supported water quality funding mechanisms such as a statewide stormwater utility to collect fees and a tax on flushable products. In January 2013, the Vermont Department of Environmental Conservation released a *Water Quality Remediation, Implementation and Funding Report* as required by the 2012 Act 138 legislation. Based on a review of the sixteen potential funding mechanisms in the report, the VTCAC selected **five priorities** as follows.

Three mechanisms to raise revenue for a statewide water quality trust fund:

1. Stormwater User Fees

The VTCAC supports assessing a modest fee on all properties in the state that have impervious surfaces. There is a connection between impervious surfaces—roads, rooftops and other nonporous surfaces that prohibit stormwater infiltration—and pollution they deliver to nearby surface waters. The VTCAC recommends a rate of less than \$100 annually for residential properties, with commercial properties assessed at higher variable rates depending on the amount of impervious surfaces present. Credits could be issued for properties that provide stormwater infiltration and on-site stormwater management. For perspective, a simple \$30 per parcel statewide fee could generate \$10 million annually.

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2. Fertilizer Tax

Fertilizer use on agricultural fields, golf courses, athletic fields, and other tended lawns can contribute excess nutrients to surface waters. The VTCAC recommends assessing a tax on fertilizers and using revenue to remediate water quality problems. Currently, Vermont requires fertilizer manufacturers and distributors to register each type of fertilizer sold and pay ~\$0.25 per ton for inspection to ensure product labeling integrity. The existing state registration system provides a way to increase the inspection fee and leverage additional funding. A one-percent tax could raise nearly \$250,000 annually.

3. Bottled Water Tax

Many consumers show a willingness to pay for clean water when it is packaged in plastic bottles. The VTCAC recommends leveraging this willingness to pay by extending the state sales tax to bottled water which is currently exempt. Based on a national average consumption of more than 150 bottles per person per year, a one-cent tax per bottle would generate nearly \$1 million annually in Vermont.

Two mechanisms that utilize existing revenues better or promote changes in individual behavior:

4. Clean Water State Revolving Fund

Federal law authorized the Clean Water State Revolving Fund (CWSRF) to help states pay for public wastewater treatment facilities and nonpoint source pollution control. The program provides low interest loans to the highest ranked projects. Since 2009, the Green Project Reserve requires states to set aside 20% of their annual CWSRF allotment for energy and water efficiency, green infrastructure and other innovations. To date, most of Vermont's Green Project Reserve has gone to energy efficiency upgrades at wastewater plants. The VTCAC asks the Lake Champlain Basin Program to convene a conference among northern New England states to explore strategies that expand the amount of CWSRF funds for nonpoint source pollution control projects. This initiative utilizes existing funds more efficiently.



Lake Champlain Committee



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5. Current Use Program

The Current Use Program prevents conversion of working lands to residential and commercial development. It supports environmental protection by taxing agricultural and forest lands on their value for crop and timber production rather than market value. The existing program framework could be utilized to create incentives for greater environmental protection. For example, agricultural operations could be required to follow the same annual self-reporting requirements as forestry programs to maintain current use benefits. Tax benefits could be increased to reward exceptional land stewardship.



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