

LEGISLATIVE UPDATE

January 13, 2017

Issue 2

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WEEK 2

The second week of the legislative session was filled with more introductions for House and Senate committees. With most committees having several new members the learning curve of issues and topics of jurisdiction for the committees can be overwhelming. The Agencies and Departments try to give a general overview while also looking at new initiatives. This process will continue into next week.

The overriding issue among all committees is funding. The projection for December revenue is down and with Governor Scott saying no new taxes and no one knowing what will happen on the federal side, everyone is rather uncertain as what this year will bring.

WATER QUALITY

Both the House Natural Resources Fish and Wildlife and Senate Natural Resources committees heard from Mike O'Grady (legislative council) on ACT 64. Mike gave a brief history for new members on the committees of why and how we got to ACT 64. ACT 64 enacted or amended statutes to address water quality issues related to agriculture, river basin planning, storm-water runoff and water quality on logging jobs.

Included in ACT 64

- Revision of AAP's to RAP's
- July 1, 2017 small farms certify compliance with RAP's
- Requires water quality training for LFO's, MFO's and SFO's

- Requires custom operators of manure or nutrients to be certified by Agency of Agriculture
- Directs Agency of Agriculture and ANR to develop a memorandum of understanding on how to apply the anti-degradation implementation policy to new sources of agriculture non-point source pollution
- Requires Dept. of Forests, Parks and Recreation to revise the AMP's by rule by July 1, 2016 to ensure that all logging jobs are designed to prevent water quality impacts

ACT 64 also requires the State Treasure, in consultation with the Commissioner of DEC and the Commissioner of Taxes to submit recommendations for a long-term revenue source for water quality improvements in the state. That report is due to the General Assembly by January 15, 2017.

The State Treasure held meetings throughout the summer and fall with stakeholders and the general public to get input on different funding sources. The amount of money needed for lake cleanup and water quality improvements is daunting.

FORESTRY

The House Agriculture and Forestry committee heard from Commissioner Mike Snyder and Deputy Commissioner Sam Lincoln on Wednesday. The Deputy Commissioner position is a new position for Forest, Parks and Recreation.

Commissioner Snyder said that the Department has added capacity with the position of a Deputy to be able to focus more on the forest economy. Commissioner Snyder spoke to the issue of a lost market for low-grade logs and the impact that has and will have on the state forests.

The Commissioner outlined the priorities for the department this session

- Dealing with the threat of loss of profitability of the low grade market

- Workers Compensation costs for loggers and truckers
- Outdoor recreation/ working with a coalition to advance the outdoor recreation economy
- Sales tax issues on equipment for logging (is there and opportunity to have the same system as agriculture)

I will attach a document that will give a summary and timeline for **ACT 171** an act relating to timber harvesting.

ACT 171 came from House bill **857** dealing with conservation and land development; forestry; fire wardens; State lands; land use change tax

TAXES

Below is the language from the Tax Department on agricultural exemptions from sales tax. There is a new form on the tax department website that can be downloaded.

Agricultural Machinery and Equipment

This certificate is used to document exemption from Vermont Sales Tax for agricultural machinery and equipment that is predominantly, meaning 75% or more, used in the production for sale of tangible personal property on farms, orchards, nurseries, or in greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities for sale.

List of Potentially Exempt Agricultural Supplies

Not all products used for agricultural purposes are exempt. In addition, sometimes an exemption certificate is necessary when purchasing supplies for agricultural use, sometimes it is not. First, the item must be in one of the following categories:

- Agricultural feeds
- Agricultural seed

- Agricultural plants
- Baler twine
- Silage bags
- Agricultural wrap
- Sheets of plastic for bunker covers
- Liming materials
- Breeding and other livestock
- Semen breeding fees
- Baby chicks
- Turkey poults
- Agricultural chemicals other than pesticides
- Veterinary supplies
- Farm animal bedding

If an item does not fall into one of the listed categories, then it is subject to sales tax. If the item is on the above list, then there is a second test: Is the item typically used in agriculture? If the item is typically used in agriculture, then the item is not subject to tax and anyone may purchase the item without an exemption certificate.

However, if the item is on the list above but not typically used in agriculture, then it is only exempt if an exemption certificate is used which provides proof that the item will be used for an agricultural purpose. Items are not typically used for agriculture when they are more commonly used for non-farming activities. Examples include grass seed, flowering plants, and pet food.

FROM THE LAKE CHAMPLAIN REGIONAL CHAMBER OF COMMERCE

Department of Labor

The Senate Committee on Economic Development, Housing and General Affairs welcomed the new Commissioner of the Department of Labor, Lindsay Kurrle, this week. Commissioner Kurrle provided a brief update to the Committee, followed by questions during the short half-hour

session. Newly elected Senator Alison Clarkson (D- Co.) asked Commissioner Kurrle about the need to revisit the independent contractor issue. Commissioner Kurrle was receptive and added that she believed clear rules would be very helpful to move forward on that issue. The Committee also discussed possible collaboration between the Department of Labor and Corrections in order to ensure that those with a criminal record can find employment rather than falling "through the cracks."

Education Fund Outlook

The House Committee on Education listened to the preliminary education fund outlook, presented by Mark Perrault, Senior Fiscal Analyst with the Joint Fiscal Office. Annually, the Tax Department [forecasts property tax rates](#) for the coming year. The letter expects that the non-homestead property tax rate would increase to \$1.550 per \$100 in fiscal year 2018 from \$1.530 in fiscal year 2017 if the Legislature adopts the scenarios projected in the Tax Department's letter. Perrault also mentioned that the State has been getting back abnormally large amounts of money that was unreserved/unallocated (amounting to \$26.5 million in FY2017) which could be used to cover projected FY2018 revenue deficit of \$25.7 million.

BILLS

H-53 An act relating to permitting planting projects in flood hazard areas

H-38 An act relating to the membership of the Clean Water Fund Board

Below is the link to the Vermont Legislative website
Legislature.vermont.gov

SECRETARY AND COMMISSIONERS

Anson Tebbetts, Secretary of Agriculture

Alyson Eastman, Deputy Secretary of Agriculture

Julie Moore, Secretary of Natural Resources

Louis Porter, Commissioner Fish and Wildlife

Mike Snyder, Commissioner of Forests, Parks and Recreation

Sam Lincoln, Deputy Commissioner of Forests, Parks and Recreation

Kaj Samsom, Tax Commissioner

Ted Brady, Deputy Secretary, Commerce and Community Development

Joan Goldstein, Commissioner, Department of Economic Development

Katie Buckley, Commissioner, Housing and Community Development

Josh Hanford, Deputy Commissioner, Department of Housing and
Community Development

Steve Cook, Deputy Commissioner, Department of Tourism & Marketing

Heather Pelham, Chief Marketing Officer, Agency of Commerce and
Community Development

EVENTS OF INTEREST

CVFC Annual Meeting and Celebration

Thursday January 26, 2017

5:30 to 9:30

Vergennes American Legion

100 Armory Lane, Vergennes VT

Come hear from

GOVERNOR PHIL SCOTT

Secretary of Agriculture Anson Tebbetts

Secretary of ANR Julie Moore

Cash Bar and Social 5:30

Free Dinner 6:00

Program 7:00

RSVP BY January 23rd

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Coming together is a beginning, keeping together is progress, staying together is success"

– Henry Ford
