

Taxes, fees would fund water cleanup

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Dec. 16

burlingtonfreepress.com

The Agency of Natural Resources re-leased a draft report early Friday that puts a price tag on the chasm between the cost of cleaner water and what Vermont might spend on curbing pollution.

To clean up stormwater, farm and sew-age pollution that threatens water quality in Lake Champlain and elsewhere, the state would have to increase spending by \$156 million a year, the report concludes.

Even if the Legislature were to enact more than a dozen tax and fee increases listed in the report —a highly unlikely event —they would add up to only \$26 million a year in revenue.

The result: a funding gap \$130 million wide. The numbers, and the gap, are so large that the report sidesteps the Vermont Legislature's directive to ANR to "recom-mend" a funding plan, including whether Vermont should enact a statewide "clean water fee."

Instead, the report simply lists many possible sources of revenue, including a surcharge on the income or property tax, a statewide stormwater fee and new or higher taxes on motor fuels, fertilizer, bottled water containers and "flushable consumer products."

"We obviously can't do it all," Natural Resources Secretary Deb Markowitz said Thursday of the work outlined in the re-port. The administration of Gov. Peter Shumlin is not recommending any spend-ing level or any particular tax or fee, she emphasized. Shumlin already has said he will not support any increase in broad-based taxes in 2013.

Markowitz said the report's value is in outlining for the first time the scope of Vermont's statewide water quality challenge —information lawmakers need to make spending decisions.

"We look forward to a policy conversa-tion with the legislature about the nature of the problem, the possible solutions and ways we might approach those

<http://www.burlingtonfreepress.com/article/20121214/NEWS02/121214001/Taxes-fees-would-fund-water-cleanup-solutions,>” she said.

Environmental Conservation Commissioner David Mears added, “I do hope people don’t despair. It is a lot of money, and money is part of the equation, but it is not the only thing that is going to get us there. It is a pleasure for me to live in a state where people take seriously the need to live more lightly on the landscape.” Markowitz and Mears said the size of Vermont’s challenge reinforces the need for the federal government to step in with major funding to stem runoff pollution, as it did decades ago with grants to build sewage treatment plants. “Fruitless though that hope may seem right now,” Mears added, referring to cuts in federal funding.

‘In a law known as Act 138, the legislature directed Markowitz’s agency to recommend how to raise funds and set water quality spending priorities. Lawmakers also asked the agency to assess whether Vermont should impose additional regulation on farmers, shoreline landowners and stormwater polluters. The report provides 96 pages of detailed information in all those areas, drawn from the agency’s expertise and from nearly 30 meetings with municipal officials, businesspeople, clean water advocates and technical experts.

If there is a theme —beyond money—it is this: “To achieve clean water, Vermonters need to fundamentally shift our collective thinking, set a statewide goal to achieve sustainable, high quality water, prioritize actions, and developed dedicated funding streams for these high priority clean water initiatives,” the report says in its first paragraph.

Several times it repeats the need to change the “public consciousness” or “public conscience” when it comes to reducing pollution.

The urgency of improving water quality has been on the minds of policymakers since early in this century. Toxic algae blooms in Lake Champlain has made the water sometimes unpleasant and occasionally unsafe in places like Missisquoi Bay where swimmers, anglers and boat-ers were used to freely recreating. Smaller lakes and ponds are at risk.

But the problem is broader than Lake Champlain. A dozen streams sit on a federal list of waters impaired by stormwater runoff. Farm runoff contributes to nitrogen pollution in the Connecticut River watershed. Nutrient levels in Lake Memphremagog exceed state standards.

Gov. Peter Shumlin was out of state Thursday and could not be reached for comment. Lawmakers had not seen the report, but Senate Natural Resources Chairman Ginny Lyons, D-Chittenden, said she was braced to see daunting dollar figures. Last week the Agency of Natural Resources said it will cost communities \$100 million over 20 years to restore wa-ter quality in 12 urban streams. “It’s scary.

It’s absolutely scary,” Lyons said. “Is the report going to sit on a shelf? I really don’t think so. There are a number of us who would like to support some type of statewide funding —probably not a broad-based tax —that produces revenue to invest in ecosystem restoration.

”Outside state government, the report was eagerly awaited in some circles.

“I’m hoping for something bold,” Kim Greenwood, water program director at the Vermont Natural Resources Council, said. “I hope the reporting will have a vi-sion for how we will get ourselves out of this mess.”

She acknowledged that the water qual-ity price tag was likely be “so big we can’t face it. That is the reality. But the (feder-al) Clean Water Act doesn’t say clean up the waters if you feel like it and have the money. It says, clean up the waters.”

Some or much of the work to curb stormwater runoff is likely to fall to Ver-mont’s cities and towns. The report notes that 80 percent of the state’s 14,000-mile road network —a significant source of stormwater pollution —is controlled by lo-cal governments.

“The numbers are so huge,” Karen Horn of the Vermont League of Cities and Towns said Thursday. “We’re not a rich state and we aren’t going to get a lot of help from the EPA, that’s pretty clear. .. We haven’t had to come to terms with this before.”

The meat of the report, “Water Quality Remediation, Implementation and Fund-ing,” breaks down costs and possible rev-enuue sources by category. It also offers options to administer a new State Water Quality Trust Fund through an existing state agency, state or regional stormwa-ter utilities or through some government-funded effort that would resemble the Ef-ficiency Vermont program.

Many of the costs are familiar to water quality insiders. The biggest single price tag would be \$70.8 million a year, the cost to retrofit 5 percent of impervious

sur-faces —driveways, roofs, parking lots —in Vermont within 10 years. Retrofits would capture or divert polluted runoff that now pours into streams.

Want to keep cows from standing in Vermont waterways? That will cost \$3.3 million a year to share with farmers the cost of fencing and alternate water sources for pastured cows.

Want to accomplish what needs to be done to better protect floodplains and reduce property damage? \$1.4 million a year. The list goes on for 14 pages.

On the revenue side, the report lays out a list of options. An average statewide stormwater fee of \$10 per parcel of property would generate \$3.4 million a year. One cent added to the local property tax rate would bring in \$8 million annually; a 1 percent surtax on the personal income tax would mean \$6 million.

Other, less broadly based taxes would generate much less money: A one-cent excise tax on bottled water, \$1 million; a similar tax on flushable consumer products like soaps and toiletries, \$1.3 million; excise tax on fertilizers and pesticides, \$250,000 a year.

The report emphasizes that, particularly since Vermont is highly unlikely to find \$156 million a year, it is critical to make sure that dollars are spent where they produce the most results.

Studies in the Missisquoi Bay watershed have concluded that money spent in pollution hot spots produces three times the pollution-reduction value as spending dollars randomly. The report released today is a draft; the final version will go to lawmakers in January.