



September 20, 2016

Beth Pearce, State Treasurer
Office of the State Treasurer
109 State Street
Montpelier, VT 05609

Dear Treasurer Pearce:

Thank you for joining us at both the VLCT Board and VLCT Water Quality meetings on September 8 and 20, and especially for your commitment to finding funding sources to pay for the many mandates imposed by the Vermont Clean Water Act (Act 64) and the U.S. Environmental Protection Agency's Total Maximum Daily Loads (TMDLs) for Lake Champlain, the Connecticut River, Lake Memphremagog, and other Vermont waters.

As you have heard on multiple occasions, including at the Board and VLCT Water Quality Committee meetings, local governments are exceedingly worried about the prospect of inadequate long-term funding to cover the costs of implementing the TMDLs, the Clean Water Act, and the Lake Champlain Phase 1 Implementation Plan. Every dollar that is not appropriated from the state legislature to address these mandates is one that must be raised by the property tax under current law. The capacity of the property tax to assume those burdens is minimal, something we believe you will keep in mind. The obligations are enormous (\$2.53 billion over 20 years). According to the Agency of Natural Resources, the estimated gap in funding over that span of time is \$1.36 billion. On an annualized basis, the gap is estimated at \$68.1 million, with 41 percent of that gap attributable to the somewhat amorphous category of "Stormwater," and an additional seven percent attributable to the entirely clear category of municipal water pollution control (wastewater treatment facilities). Based upon estimates from some of our member municipalities, we believe even these daunting figures may be low.

The Agency of Natural Resources has been clear that, in their opinion, the obligations remain whether or not the funding to pay for them is in place.

Your report to the legislature on funding sources will set the stage for discussions in 2017 on how to pay for the cleanup. We believe – and the Board of Directors asked me to formally convey this to you – that the state needs to assume responsibility for a substantial share of the obligation to clean up the waters of the state and use state broad-based revenue sources to accomplish that end. We recognize that state revenues will not provide all the funds needed to implement required cleanup programs. To that end we urge you to strongly encourage the legislature to provide municipalities the authority to enact local option taxes to help pay for stormwater management.

Thank you for your attention to this most serious and concerning matter.

Sincerely

A handwritten signature in black ink that reads "Karen B. Horn".

Karen B. Horn
Director, Public Policy and Advocacy