



STATE OF VERMONT
COMMITTEE ON NATURAL RESOURCES,
FISH, AND WILDLIFE

MEMORANDUM

To: Rep. Janet Ancel
Chair, Committee on Ways and
Means

From: Rep. Amy Sheldon
Chair, Committee on Natural
Resources, Fish and Wildlife

Date: February 3, 2022

Subject: Fee Bill; Department of Environmental Conservation;
Department of Fish and Wildlife

I am writing on behalf of the Committee on Natural Resources, Fish and Wildlife regarding the need for the General Assembly to enact a bill amending the permitting or licensing fees charged by the Department of Environmental Conservation (DEC) and the Department of Fish and Wildlife.

As you know, under 32 V.S.A. § 605, the Governor is required at the beginning of each legislative session to send to the General Assembly a report regarding the costs of permitting programs, licenses, and other similar State administered programs. Every three years, the fee report is required to focus on a specific agency. For example, the fee report in 2015 addressed fees charged by the Agency of Natural Resources (ANR). Subsequent, fee reports in 2018 and again in 2021 should have recommended changes to ANR's permitting and licensing fees. However, the Administration's fee reports in those years listed ANR fees but failed to propose changes to any permitting and license fees. As a result, ANR's permitting fees have not been amended since 2016.

Per statute, 32 V.S.A. § 602, "fees" are a monetary charge by an agency for a service or product provided to, or the regulation of, specified classes of individuals or entities. In sum, fees pay for services that State agencies provide to the public or regulated individuals. Failing to charge an adequate permit or license fee that covers the agency costs of providing a service does not temper the cost of doing business with the State. Instead, it requires the agency to somehow internalize the cost and effectively suffer a loss or shift the cost from the entity that received the benefit of agency service to the public and, most likely the General Fund.

Agencies that rely on fee revenue to cover costs particularly suffer when the permitting and license fees do not reflect the true costs of agency services. Permitting

fees comprise 10 to 12 percent of DEC's annual budget, but DEC's fees have not been changed since 2016 to address the Department's actual costs. If fees do not adequately cover DEC's costs, the Department must search out additional revenue sources or cut programs or staff. Similarly, licensing fees comprise 30 to 33 percent of DFW's annual budget. Minor reductions in fee revenue significantly impact DFW programs and services or require the Department to make increasing requests for General Fund revenues.

Failing to update permitting and licensing fees also increases the financial pressures of normal inflation on agency budgets. Personnel, fee-for-space, and retirement costs annually increase across State agencies. Likewise, each agency is assessed its share of health care costs for covered employees, and such costs can fluctuate annually. Requiring state agencies to internalize these costs of inflation without also adequately covering agency costs through charging sufficient fees puts the agency in a fiscal hole before it even starts to build a budget.

Consequently, I request that the Committee on Ways and Means draft a committee bill that increases DEC permitting fees and DFW license fees. Because the Governor has failed to recommend appropriate fee adjustments to address Agency budget needs, your committee unfortunately does not have the benefit of proposed changes to specific fees. As an alternative that accounts for the lack of recommended increases to specific fees, I recommend that your Committee explore ways to increase all ANR fees by an appropriate multiplier, such as the percentage of inflation over the past six years or the percentage increase in State funding of ANR's budget during that time period.

Please feel free to contact me if you need additional information or would like to discuss my proposal further.

Sincerely,

Rep. Amy Sheldon
Chair, House Committee on Natural Resources
Fish and Wildlife