



## VPA LEGISLATIVE UPDATE #1

January 6, 2009

### **RECESSION SESSION**

(Borrowing from Nancy Remson in Sunday's Free Press...)

No surprise that the 2009 Legislative Session, getting underway tomorrow, will focus on present and future budget shortfalls. The cuts will be painful, deep, widely shared and, for some programs, potentially fatal.

All state funds, except the education fund, are currently experiencing serious revenue shortfalls. Property transfer tax receipts which fund the municipal and regional planning fund, the state housing and conservation board, and VCGI, were down more than 14% in the first six months of the fiscal year, from \$20 million to \$17.2 million. The FY09 (current year) general fund budget gap, as of mid-December, was estimated at \$66 million. So far the Administration and Legislature's Joint Fiscal Committee have agreed to \$19.7 million in cuts (Rescission Plan #2, v.3), including:

- Eliminating funding for the position of Commissioner of Housing & Community Affairs ~ potentially tied to the Administration's intent to consolidate DHCA with the Department of Economic Development ~ for an estimated savings of \$30,000.
- Reducing property transfer tax funds to RPCs by an additional \$228,872 (8%)
- Reducing FY09 municipal planning grants by \$408,700 (50%).

As a result, the word on this round of municipal planning grant applications is still pending. The JFC also agreed in December to hold January payments for highway grants to towns and cities.

The remaining FY09 shortfall for VTTrans is currently estimated at \$9.1 million following August rescissions (already implemented) totaling \$4.1 million. \$3.7 million in cuts have been agreed on to date ~ the remaining \$5.4 million is up for consideration. Expect additional cuts to programs and staffing levels throughout state government following updated FY09 revenue forecasts (out January 13th) for inclusion in the FY09 Budget Adjustment Act.

The outlook for FY10 is even more dismal ~ the estimated shortfall in next year's budget now ranges from \$155 to \$196 million, with updated forecasts expected in April. Options include additional cuts (government restructuring), raising revenues, including taxes (opposed by the Governor and Senate leadership), using rainy day funds, and additional funding from the feds in the form of an economic stimulus package and medicaid match increases (estimated at \$110-\$160 million or more).

The Joint Fiscal Office is now compiling a list of "Budget Deficit Reduction Ideas." The current master list is available on their web site, and includes:

- Eliminating the Agency of Commerce and Community Development; include a senior policy position under Secretary of Administration, move DHCA functions to VHCB
- Eliminating, suspending or reducing funding to VHCB; suspend conservation activities for one year

- Eliminating special funds (e.g., the Municipal and Regional Planning Fund), deposit revenues into and fund all entities from the General Fund.
- Eliminating, suspending or reducing all grants to community service organizations that have direct appropriations, including all ACCD grants.
- A 10% reduction in force, representing 800+/- positions.
- Mothballing or leasing state historic sites.

The tough choices ahead, especially those resulting in government restructuring and program elimination, call for careful consideration of long-term impacts as well as short-term gains. Douglas has asked for immediate action to address the FY09 deficit, while the JFC and legislative leaders argue that many of the proposed cuts represent policy changes that Vermonters should have a say in, and the entire Legislature should decide. According to Republican House Leader Patti Kromine of Dorset, as recently quoted in the Free Press: "What I'm concerned about is there appears to be a short-sited outlook, \$20 million cut this month, \$40 million next month. What we always lack in the state is long-term planning. It's putting out the brush fire when there is a huge forest fire behind it." Many legislators, including Senator Sue Bartlett, Chair of Appropriations, believe that the process should start with an agreement about the core services government must provide. Whether this can or will occur within the time constraints of the upcoming session remains to be seen.

For more detailed information regarding budget forecasts, rescission plans and anticipated impacts ~ or to add your ideas to the JFO master list~ go to:

Department of Finance & Management Web Site:  
[http://finance.vermont.gov/state\\_budget/rec/fy2009rescission](http://finance.vermont.gov/state_budget/rec/fy2009rescission)  
 Joint Fiscal Office Web Site:  
<http://www.leg.state.vt.us/JFO/Budget%20Rescissions.htm>

## **FEDERAL RECOVERY PLAN**

Vermont is by no means in this alone ~Vermont lawmakers are hopeful that the federal government will soon send enough money our way to relieve our fiscal woes. The incoming Obama administration is currently negotiating with Congressional leadership to adopt a widely anticipated economic stimulus package ~ his \$775+ billion, 2-year "American Recovery and Reinvestment Plan" ~ by the end of January though, given some of the battle lines already drawn, February or March may be more realistic. The current package is anticipated to include a combination of tax cuts, expanded government-assisted health care and unemployment programs, and job-creating "shovel-ready" transportation, public transit, telecommunications, school and energy efficiency infrastructure projects.

The state, VLCT, the CCMPO and other groups have supplied potential project lists to our Washington delegation. According to Karen Horn, VLCT's list includes \$600 million in transportation, water and sewer and miscellaneous projects - anything that is municipal and that is bricks and mortar, putting people back to work. There are school roofs, seawall repairs, park and recreation facility renovations. Almost nothing is new construction.

Organizations nationwide, including APA, share VPA concerns (check archives) regarding the apparent focus on transportation infrastructure, particularly if this precludes consideration of long-term impacts, other types of smart growth infrastructure investments, and other forms of job creation.

## WEEKLY CALENDAR

Wednesday 10:00 House called to order for 70th biennial session, members seated

Thursday 2:00 Inaugural Ceremony and Address

Friday 11:30 Governor's Press Conference, State House, Montpelier

Legislative Home Page: <http://www.leg.state.vt.us/>

Listen to the Legislature (VPR): [http://www.vpr.net/vpr\\_files/legislature/index.shtml](http://www.vpr.net/vpr_files/legislature/index.shtml)

## ON DECK

**Smart Growth Committee.** VPA is well represented on this legislative committee by Dean Pierce. VPAer Brian Shupe also has actively participated on behalf of VNRC. The committee, chaired by Senator Lyons, is currently reviewing draft report recommendations which include proposed changes to Act 250's criterion (9)(L) relating to rural growth areas.

**VTrans State Highway Access Legislation.** Brenda Green and Sharon Murray represented VPA on a summer ad hoc committee, staffed by VTrans, to review state highway access permitting issues under 19 V.S.A. Section 1111 ~ particularly with regard to VTrans' jurisdiction over changes in use. Draft legislation is available, and will likely be introduced this session. Attempts were made to also resolve issues around the coordination of municipal land use and state highway access permitting, but ultimately these were considered beyond the original scope of the proposed legislation. VPA's Legislative Committee has recommended instead re-instituting state agency application referral requirements under Chapter 117 (repealed in 2004), which would give VTrans the opportunity to review and comment on highway access design during the local development review process ~ or to possibly delegate state access permitting authority to qualified municipalities.

**Chapter 117 "Technical Corrections" Bill.** The VLS-sponsored 117 corrections bill, as introduced but not acted on last year, was reviewed this fall by the 117 group headed up by Peg Elmer/VLS. After a meeting with VANR staff, the group decided not to include requested legislation relating to flood, riparian and fluvial erosion hazard areas in this bill given that this was more substantive than corrective, but rather to update Section 4424 provisions for consideration under a separate bill. The VLS students working on this project have moved on and can no longer provide drafting support ~ it's up to VPA or another group to see the bill through the legislative process.

**Riparian Buffer Bill.** VPA's Legislative Committee, led by Scott Gustin, sponsored a meeting with Rep. David Deen and VANR staff to discuss our concerns over last year's riparian buffer bill (defeated in the House), and to come up with proposed legislation that we could all support. Rep. Deen will be introducing another bill this year to establish a minimum 50' buffer along all navigable waters of the state. VPA's Legislative Committee has agreed to outline or provide draft language under related Chapter 117 sections of the bill ~ potentially to also address the flood, riparian and fluvial erosion hazard issues noted above.

**Permit Reform.** The Governor, citing Vermont's current economic downturn, has once again proffered the need for permit reform to promote economic growth. Kevin Dorn/ACCD, Lori Pelosi/ANR and Peter Young/Natural Resources Board were asked last fall to develop a list

of reform measures for issuing and appealing permits. Some of the ideas under consideration, including "on the record" review for appeals to Environmental Court, and giving additional weight to ANR permits in Act 250 reviews, were rejected in the 2004, when the last major permit reform legislation was enacted.

**Energy.** Additional energy legislation is anticipated this year from a variety of sources. Some, including legislation potentially coming out of VLS that is intended to better integrate state, utility and municipal energy and land use planning and permitting may include proposed changes to Chapter 117.

### **PARTICIPATE~ HOW YOU CAN HELP!**

- Stay informed and express your opinions through the VPA Listserv.
- Stay in touch with your representatives, let them know what you think.
- Sign up for the VPA Legislative Committee to prepare or review draft position statements, language, etc. (contact Sharon at [smurrayvt@aol.com](mailto:smurrayvt@aol.com))
- Volunteer to testify on behalf of VPA when called on by the Legislature ~ travel reimbursements are available.
- Volunteer to testify on behalf of your community or organization.

Get ready...

Sharon Murray AICP  
VPA Legislative Liaison