

Rural Vermont – Jan 22, 2010

Draft Agreement on Message points for House action on H485

Working group met the legislative mandate.

The working group put forth our best faith effort to respond to the legislative mandate to find 1.6 million dollars in Current Use program savings. Our five proposals met this goal and addressed the need for implementing electronic administration of the program.

H485 makes important changes to the Current Use program that will save money and increase program efficiency.

The Ways and Means Committee accepted two important recommendations which will address program improvements, lower costs and raise revenue. These include the changing the method of calculating and collecting the Land Use Change Tax and creating a funding source to accelerate the conversion of Current Use from paper files and maps to an electronic format. The latter is accomplished by increasing the Property Transfer Tax (PTT) for the sale of enrolled land from 0.5% to 1.25% of the land's value. The 1.25% rate applies to most sales and transfers of real property in Vermont. With the enhanced PTT revenue, H.485 appropriates \$300,000 in FY2011 to a special fund to implement the electronic administration system.

We Oppose the Moratorium on Enrollments.

The Ways and Means Committee rejected the working group's proposed "easy out" option which would have allowed owners to withdraw an entire enrolled parcel without penalty, although the parcel could not be then re-enrolled for five years. This change decreased the projected increase in revenue to the state education fund from withdrawn lands from approximately \$1.2 million to \$550,000. That change, in turn, increased the need for a moratorium in order to meet the \$1.6 million target.

The moratorium on enrollments for FY2011 will impact landowners who have already applied and paid hundreds and even thousands of dollars to prepare forest management plans. The proposed moratorium is punitive, challenges the credibility of the program and leaves an approximately \$1.1 million gap in the FY2012 budget when the moratorium expires.

Despite the moratorium, we support the passage of H.485.

Despite these concerns, the group urges quick adoption of H.485 by the House. Whatever the final bill, the changes must become law by mid-February, so that landowners can be notified of their options and have time to decide whether to withdraw all or part of their land from Current Use, and so listers can reflect these decisions in their grant lists in time for FY2011. We will work with the Senate and other interested parties to evaluate additional revenue sources which would meet the \$1.6 million target and no longer necessitate the need for a retroactive moratorium.