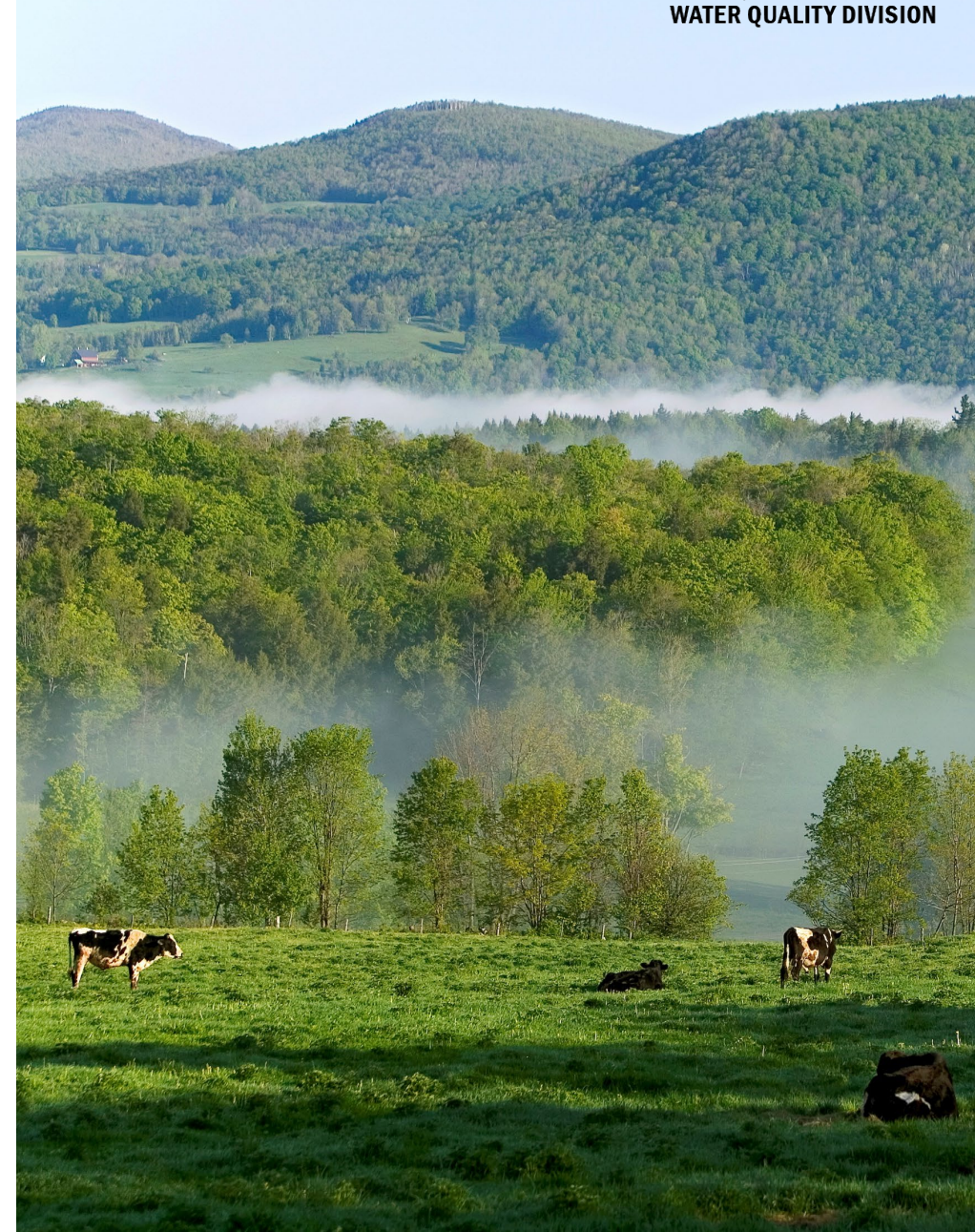


Vermont's Healthy Soils & PES Working Group April 2020 Update

Ryan Patch
Vermont Agency of Agriculture, Food and Markets
PES Working Group Update Meeting
April 28, 2020



1. Language in current House Agriculture 'Housekeeping' Bill (H.656)
2. House Agriculture Committee letter to House Approps.
3. Current revenue outlook
4. Questions



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14 * * * Payment for Ecosystem Services and Soil Health Working Group * * *

15 Sec. 24. 2019 Act and Resolves No. 83, Sec. 3 is amended to read:

16 Sec. 3. ~~SOIL CONSERVATION PRACTICE AND PAYMENT FOR~~

17 ~~ECOSYSTEM SERVICES AND SOIL HEALTH WORKING~~

18 ~~GROUP~~

19 (a) ~~The Secretary of Agriculture, Food and Markets shall convene a Soil~~

20 ~~Conservation Practice and Payment for Ecosystem Services~~ and Soil Health

21 Working Group is established to recommend financial incentives designed to

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20O'Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

- 17 (12) a person engaged in farming other than dairy farming;
- 18 (13) a representative of an environmental organization with a statewide
- 19 membership that has technical expertise or fundraising experience;
- 20 (14) an agricultural economist from a university or other relevant
- 21 organization within the State;

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(Draft No. 3.2 – H.656)
3/12/2020 - MOG - 4:06 PM

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- 1 (15) an ecosystem services specialist from UVM Extension; and
- 2 (16) a soil scientist.

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

3 (c)(1) The Secretary of Agriculture, Food and Markets or designee shall be
4 the Chair of the Working Group, and the representative of the Vermont
5 Housing and Conservation Board shall be the Vice Chair.

6 (2) A majority of the membership of the Working Group shall constitute
7 a quorum.

8 (3) The Working Group shall have the administrative, technical, and
9 legal assistance of the Agency of Agriculture, Food and Markets.

10 (4) The Working Group shall cease to exist on February 1, 2022.

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

18 that shall include:

19 (1) a recommended payment for ecosystem services approach the State

20 should pursue that benefits water quality, flood resilience, and climate stability,

VT LEG #346651 v.1

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1 including ecosystem services to prioritize and capital or funding sources

2 available for payments;

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20O'Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

3 (2) a recommended definition of healthy soils, a recommended method
4 or systems for measuring soil health and other indicators of ecosystem health,
5 and a recommended tool for modeling and monitoring soil health;

6 (3) a recommended price, supported by evidence or other justification,
7 for a unit of soil health or other unit of ecosystem service or benefit provided;

8 (4) proposed eligibility criteria for persons participating in the program;

9 (5) proposed methods for incorporating the recommended payment for
10 ecosystem services approach into existing research and funding programs;

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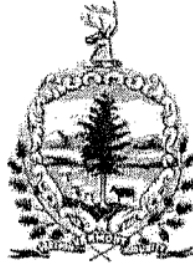
<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20O'Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

- 11 (6) an estimate of the potential future benefits of the recommended
12 payment for ecosystem services approach, including the projected duration of
13 the program;
- 14 (7) an estimate of the cost to the State to administer the recommended
15 payment for ecosystem services approach; and
- 16 (8) proposed funding or sources of funds to implement and operate the
17 recommended payment for ecosystem services approach.
- 18 (e) The Working Group may seek grants or funding other than annual
19 appropriation in order to further the work of the Working Group.

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Agriculture/Bills/H.656%20AAFM%20Housekeeping%20bill%202020/Drafts,%20Amendments%20and%20Summaries/H.656~Michael%20O'Grady~%20Draft%203.2,%203-12-2020~4-1-2020.pdf>

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STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON AGRICULTURE
AND FORESTRY

REP. CAROLYN W. PARTRIDGE, CHAIR
REP. RODNEY GRAHAM, VICE CHAIR
REP. JOHN L. BARTHOLOMEW, CLERK
REP. THOMAS BOCK
REP. CHAREN FEGARD
REP. TERRY NORRIS
REP. JOHN O'BRIEN
REP. VICKI STRONG

MEMORANDUM

To: Representative Kitty Toll, House Committee on Appropriations

From: Representative Carolyn Partridge, House Committee on Agriculture and Forestry

Date: February 21, 2020

Subject: Comments on Provisions in the Governor's Proposed FY2021 State Budget

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Appropriations/FY%202021%20State%20Budget/K.%20Policy%20Committees/W~House%20Committee%20on%20Agriculture%20and%20Forestry~FY21%20Budget%20-%20Policy%20Committee%20Recommendations~2-21-2020.pdf>

3. Soil Conservation Practice and Payment for Ecosystem Services Working Group, also mandated by Act 83 - the work of this working group and its subsequent report has been exemplary. Because of the complexity of this topic, they would like to continue to meet next year. While their total request (\$500,000) is beyond our means at this time, any amount dedicated to this work would be a sign of our commitment to their work, the future of agriculture, and a recognition that farmers are part of the climate change solution. It would also be an indication of the state's commitment which may help the working group leverage additional funds through grants. We are attaching a copy of their report as well.

Link:

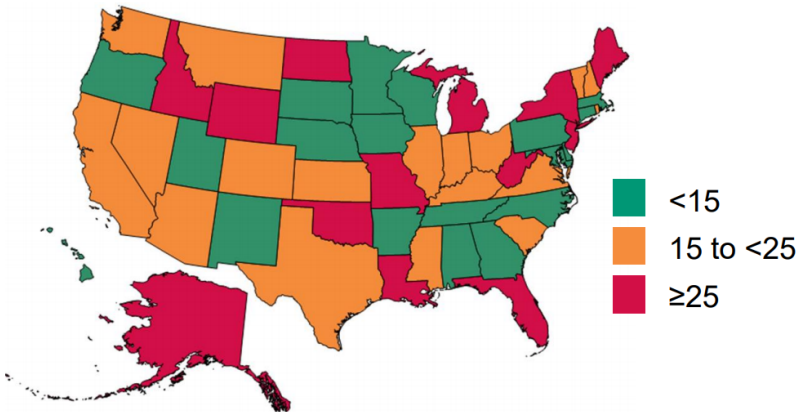
<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Appropriations/FY%202021%20State%20Budget/K.%20Policy%20Committees/W~House%20Committee%20on%20Agriculture%20and%20Forestry~FY21%20Budget%20-%20Policy%20Committee%20Recommendations~2-21-2020.pdf>

Economic Stress Is Unprecedented

	Baseline		Severe - S3	
	\$ bil	% of GF	\$ bil	% of GF
Revenues	130.4	14.8%	172.1	19.5%
Medicaid	27.4	3.1%	31.2	3.5%
Fiscal shock	157.8	17.9%	203.3	23.0%

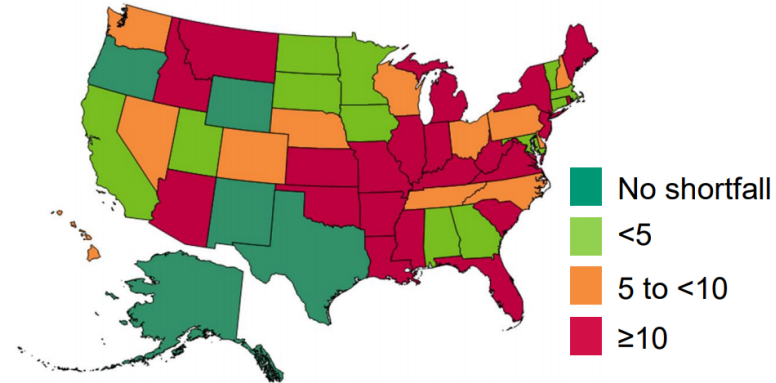
- » **5** states have the reserves they need to absorb baseline levels of projected economic stress
- » **12** states have most of the reserves they need to absorb the baseline scenario
- » An unprecedented **21** states would see budget gaps of 10% or more even after using reserves

Baseline Fiscal Shock, % of general fund



Sources: NASBO, Moody's Analytics

Baseline Shock Net of Reserves, % of general fund



Sources: NASBO, Moody's Analytics

Link:

<https://legislature.vermont.gov/Documents/2020/WorkGroups/House%20Appropriations/COVID-19/W~Dan%20White,%20Director,%20Moody's%20Analytics~States%20Stress%20Tests%20-%20COVID-19~4-22-2020.pdf>

Prepared by the Joint Fiscal Office

- All estimates are relative to the January 2020 forecast for FY20 revenues
- All estimates are likely to change and will be updated.

Summary of COVID-19 Revenue Impacts on FY20 Revenues (in millions of dollars) as of April 17			
	General Fund (inc. healthcare revenues)	Transportation Fund and TIB	Education Fund (non-property tax revenues)
January 2020 FY20 Consensus Revenue Forecast	\$1,595	\$300	\$558
of which: projected March through June 2020	\$592	\$110	\$180
FY20 Revenue Impact due to COVID-19 (subject to change)	-\$61	-\$42	-\$69
Total Available FY20 Resources after Revenue Impacts	\$1,534	\$258	\$489
Revenue Deferrals (Income Taxes, Trust Taxes) (Note: FY20 not impacted as long as revenues are received by July 30)	\$167	\$3	\$41

Note: Estimates above do not include General Fund direct apps related to the property transfer tax.

Link:

https://ljfo.vermont.gov/assets/Subjects/Revenue-Fund-Updates-and-Issue-Briefs/e4094fc98c/GENERAL-347573-v3-COVID-19_Revenue_Impacts-April-17.pdf

Questions?