

Commission on Local Government

Estimate of Local Fiscal Impact
2002 General Assembly Session

Bill: HB 91 / SB 327

Patrons: Welch / Wagner

Date: Feb. 4, 2002

In accordance with the provisions of §§ 30–19.03 through 30–19.03:1.1 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced bill:

I. Bill Summary

HB 91 and SB 327 are identical bills that have been amended. Currently the bills allow the State Water Control Board to require demonstration of financial responsibility for the completion of compensatory mitigation requirements for dredging projects. Such financial responsibility may be demonstrated by letter of credit, certificate of deposit, performance bond, or pursuant to Army Corps of Engineers approval. The State Water Control Board is directed to promulgate regulations to implement the provisions of this legislation.

II. Fiscal Impact Analysis

According to the Department of Environmental Quality (DEQ), this legislation applies only to mitigation required for dredging in tidal waters. Permits for dredging typically require certain mitigation procedures to protect the environment in which the dredging operation takes place. DEQ issues approximately 25 permits per year for these dredging projects for both private and public entities. Potentially affected localities could be required to pass a test of financial viability by depositing funds into an escrow account according to a prescribed formula to ensure the availability of adequate funds to complete their dredging projects. In theory, all localities east of Interstate 95 would be subject to the provisions of the bills.

It is anticipated by DEQ, however, that local governments will be exempted from any regulations promulgated by the State Water Control Board for purposes of implementing this legislation. These bills were introduced in response to a particular incident where a private dredging company, hired by a 100 landowners to dredge their marina, did the dredging and then promptly went out of business without completing permit requirements for mitigation.

The Commission on Local Government received estimates of local fiscal impact from nine localities (the Counties of Albemarle, Bath, Gloucester, Isle of Wight, and Rappahannock as well as the Cities of Charlottesville, Harrisonburg, and Virginia Beach, and the Town of Blacksburg), some of which are in the affected area. None estimated a significant fiscal impact from HB 91 / SB 327.

III. Conclusion

HB 91 / SB 327 is not expected to impose an adverse fiscal impact on any localities if local governments are exempted from regulations promulgated by the State Water Control Board.³