

Department of Planning and Budget

2005 Fiscal Impact Statement

1. Bill Number HB 2777

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

2. Patron Louderback

3. Committee Passed Both Houses

4. Title Capitalizing the Water Quality Improvement Fund

5. Summary/Purpose: The bill would provide that, for the fiscal year beginning July 1, 2005, \$50 million shall be appropriated from the general fund and deposited into the Water Quality Improvement Fund. These funds, as well as any future appropriations in addition to statutorily required deposits, would be used solely to finance the costs of design and installation of biological nutrient removal facilities or other nutrient removal technologies at publicly owned treatment works.

The bill also requires that, in any fiscal year in which an additional deposit equal to at least 40 percent of the statutorily required deposit is made to the Water Quality Improvement Fund, 70 percent of the statutorily required Water Quality Improvement Fund deposit must be distributed to the Department of Conservation and Recreation (nonpoint source pollution) and 30 percent must be distributed to the Department of Environmental Quality (point source pollution). If such an additional deposit is not made, then the statutorily required deposit would be allocated by the Secretary of Natural Resources (in consultation with the Secretary of Agriculture and Forestry, the State Forester, the Commissioner of Agriculture and Consumer Services, and the Directors of the Departments of Environmental Quality and Conservation and Recreation, and with the advice and guidance of the Board of Conservation and Recreation, the Virginia Soil and Water Conservation Board, the State Water Control Board, and the Chesapeake Bay Local Assistance Board, and following a public comment period of at least 30 days and a public hearing) between point and nonpoint sources, both of which would receive moneys in each such year.

In addition, the bill establishes a formula for financing the costs of the design and installation of biological nutrient removal facilities or other nutrient removal technology at publicly owned treatment works that is based on the financial need of the community as determined by comparing the annual sewer charges expended within the service area to the reasonable sewer cost established for the community.

The bill also requires that the Chairmen of the House Committee on Appropriations, the House Committee on Agriculture, Chesapeake and Natural Resources, the House Committee on Finance, the Senate Committee on Agriculture, Conservation and Natural Resources and the Senate Committee on Finance, in consultation with the Secretary of Natural Resources and the Secretary of Agriculture and Forestry, develop by November 30, 2005 recommendations for a permanent source of funding that will sufficiently and predictably generate the necessary revenue to fund the tributary strategy plans to remove the Chesapeake Bay and its tidal tributaries from the Clean Water Act section 303(d) list of impaired waters and to remove those waters located outside the Chesapeake Bay watershed from the impaired waters list.

6. Fiscal impact: Fiscal impact estimates are final.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2004-05	\$0	0.00	N/A
2005-06	\$50,000,000	0.00	General fund (0100)
2006-07	\$0	0.00	N/A
2007-08	\$0	0.00	N/A
2008-09	\$0	0.00	N/A
2009-10	\$0	0.00	N/A
2010-11	\$0	0.00	N/A

7. Budget amendment necessary: No. HB 1500 as passed by the General Assembly includes \$50 million (general fund) in FY 2006 to be deposited to the Water Quality Improvement Fund pursuant to the provisions of this bill.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Department of Environmental Quality; Department of Conservation and Recreation.

10. Technical amendment necessary: No.

11. Other comments: This bill is identical to SB 810 and SB 1235 as enrolled.

Date: 03/14/2005 / mar

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cc: Secretary of Natural Resources