

Department of Planning and Budget

2005 Fiscal Impact Statement

1. Bill Number HB 2777

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Louderback

3. Committee Appropriations

4. Title Moneys for nutrient removal technology

5. Summary/Purpose: The bill would provide that, beginning July 1, 2005 through July 1, 2015, \$50 million must be appropriated annually from the general fund and deposited into the Water Quality Improvement Fund. These moneys must be used solely to finance the costs of design and installation of biological nutrient removal facilities or other nutrient removal technology at publicly owned treatment works designated as significant dischargers for compliance with the effluent limitations for total nitrogen and total phosphorus as required by the tributary strategy plans or applicable regulatory requirements. The priority distribution of financial assistance must be based on the pounds of total nitrogen and pounds of total phosphorus reduced by the proposed project.

The bill requires that, no later than July 1, 2013, the House Committee on Agriculture, Chesapeake and Natural Resources, the House Committee on Appropriations, the Senate Committee on Agriculture, Conservation and Natural Resources, and the Senate Finance Committee must review the financial assistance provided under these provisions and determine (i) whether such deposits should continue to be made, (ii) the size of the deposit to be made, (iii) the programs and activities that should be financed by such deposits in the future, and (iv) whether these provisions should be extended.

The bill also requires that, beginning July 1, 2005 and ending July 1, 2015, 70 percent of the mandatory Water Quality Improvement Fund deposits 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). The bill also establishes a formula for financing the costs of the design and installation of biological nutrient removal facilities and 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.

6. Fiscal impact: Fiscal impact estimates are final.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2005-06	\$50,000,000	0.00	General fund (0100)
2006-07	\$50,000,000	0.00	General fund (0100)
2007-08	\$50,000,000	0.00	General fund (0100)
2008-09	\$50,000,000	0.00	General fund (0100)
2009-10	\$50,000,000	0.00	General fund (0100)
2010-11	\$50,000,000	0.00	General fund (0100)
2011-12	\$50,000,000	0.00	General fund (0100)
2012-13	\$50,000,000	0.00	General fund (0100)
2013-14	\$50,000,000	0.00	General fund (0100)
2014-15	\$50,000,000	0.00	General fund (0100)

- 7. Budget amendment necessary:** Yes. However, HB 1500 as passed by the House includes budget amendments to implement the provisions of the bill for FY 2006.
- 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:** None.

Date: 02/10/2005 / mar

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cc: Secretary of Natural Resources