

Department of Planning and Budget

2005 Fiscal Impact Statement

1. Bill Number SB 1275

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

2. Patron Watkins

3. Committee Passed Both Houses

4. Title Chesapeake Bay Watershed Nutrient Credit Exchange Program

5. Summary/Purpose: The bill would establish a nutrient exchange or trading program that would allow point source dischargers to achieve and maintain compliance with the waste load cap allocations for nitrogen and phosphorous delivered to the Chesapeake Bay and its tidal tributaries. The State Water Control Board would be required to issue a general permit under the Virginia Pollutant Discharge Elimination System to eligible point source dischargers of nitrogen and phosphorous. The facilities that obtain such a permit, and that are interested in participating in the trading program, would be identified together with their individual load cap allocations and trading ratios. The trading association authorized by the bill would provide the mechanism by which those permittees under the general permit would be matched with nutrient trading partners. Within nine months of the issuance of the general permit, the permittees either individually or through the trading association would be required to submit compliance plans to the Department of Environmental Quality. The compliance plans would have to include any capital projects and the implementation schedules needed to achieve the nitrogen and phosphorous reductions needed to comply with the waste load allocations for all the permittees in a particular tributary.

6. Fiscal impact: There would be some additional costs to the Department of Environmental Quality associated with the provisions of this bill. However, any such costs could be funded from existing resources. In addition, HB 1500 as passed by the General Assembly includes language authorizing the Department of Environmental Quality to use up to \$300,000 in FY 2006 from the amounts appropriated for deposit to the Water Quality Improvement Fund to provide a grant to the Virginia Nutrient Credit Exchange Association created pursuant to this bill. The purposes for which the Virginia Nutrient Credit Exchange Association could use this grant include, but are not limited to, retaining technical expertise for the development of trading scenarios, analyzing the trading options that may exist within each of Virginia's Chesapeake Bay tributaries, establishing timetables and schedules for upgrading point source facilities, and developing a compliance plan for meeting statutory and regulatory criteria.

7. Budget amendment necessary: No.

8. Fiscal implications: See Item 6.

9. Specific agency or political subdivisions affected: Department of Environmental Quality.

10. Technical amendment necessary: No.

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11. Other comments: This bill is identical to HB 2862 as enrolled.

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cc: Secretary of Natural Resources