

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number** HB2802

REVISED 3/1/07

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

2. **Patron** Byron

3. **Committee** Passed both Houses

4. **Title:** Regulation and management of the land application of sewage sludge

5. **Summary/Purpose:** The bill would consolidate the program that regulates the application of biosolids (sewage sludge) under one agency, the Department of Environmental Quality (DEQ). Currently, the responsibility for regulation of the land application of biosolids is split between DEQ and the Department of Health. The bill also requires DEQ to conduct unannounced site inspections while biosolids are being applied. A fee of \$7.50 is assessed on each dry ton of sewage sludge applied in the Commonwealth. The bill would become effective on January 1, 2008, provided that adequate funds have been appropriated and adequate positions have been authorized to administer the program.

6. **Fiscal Impact Estimates are:** Final. See item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0	0.00	n/a
2007-08	\$877,750	22.00	0200
2008-09	\$1,755,500	22.00	0200
2009-10	\$1,755,500	22.00	0200
2010-11	\$1,755,500	22.00	0200
2011-12	\$1,755,500	22.00	0200
2012-13	\$1,755,500	22.00	0200

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07	\$0	n/a	n/a
2007-08	\$877,750	n/a	0200
2008-09	\$1,755,500	n/a	0200
2009-10	\$1,755,500	n/a	0200
2010-11	\$1,755,500	n/a	0200
2011-12	\$1,755,500	n/a	0200
2012-13	\$1,755,500	n/a	0200

7. **Budget amendment necessary:** No. The budget as passed by the General Assembly provides the Department of Environmental Quality with a \$730,000 nongeneral fund appropriation and 20 positions for the program in FY 2008. In addition, the General

Assembly provided \$173,000 and two positions supported by the nongeneral fund fee revenue to the Department of Conservation and Recreation for review of nutrient management plans.

The bill includes a contingency provision, which states that it will become effective on January 1, 2008, provided that adequate funds have been appropriated and adequate positions have been authorized to administer the program.

8. Fiscal implications:

Revenue

Based on information provided by the Virginia Department of Health, the Department of Planning and Budget (DPB) estimates that about 231,000 tons of biosolids are applied in an average year. The seventh enactment clause of the bill provides that the fee imposed on each dry ton of sewage sludge that is land applied shall be \$7.50 per ton, until changed by the State Water Control Board. Therefore, the estimated revenue from the application fee is \$1.7 million per year.

In addition, the bill provides for a fee of \$5,000 for the initial issuance of a permit, and \$1,000 for the reissuance, amendment, or modification of a permit for an existing site. In 2005, the Department of Health processed three new permits and 11 permit modifications. The estimated revenue from permit issuances and reissuances is \$20,000 to \$30,000 annually.

Expenditures

According to the Department of Health, 2,200 fields receive biosolids each year (based on FY 2006 data). This includes approximately 1,000 separate sites because an applicator will likely apply to multiple fields in the same area in one day. Applications are made primarily during March to November, with most occurring before spring planting and after fall harvest.

Annual reimbursement costs for local governments that have adopted biosolids ordinances are expected to total \$120,000.

Management of an application site by the Department of Environmental Quality would include: conducting inspections and site visits during land application; providing compliance assistance and enforcement as needed; reviewing permit applications and requests to add sites; and engaging in outreach and education to farmers, applicators, and the public. The average cost for a position to provide these services is \$75,000 (including salary, benefits, travel, equipment, and supplies).

The Department of Environmental Quality estimates that the following positions are needed to administer the program:

- *Program guidance, training, and communications (two positions).* These central office positions would be responsible for providing coordination, guidance, and training to regional staff, coordinating with the Department of Conservation and Recreation and the

Department of Health, supporting local inspectors, and providing outreach, education and public information services to affected communities.

- *Site management, permitting, and compliance (eight to 15 positions).* These positions would be responsible for conducting site visits during land application, providing follow-up compliance assistance, reviewing permit applications, engaging in outreach to farmers, applicators and the public. Each specialist could manage approximately 70 sites per year. The enrolled version of the bill provides for the department to randomly conduct unannounced site inspections while land application of sewage sludge is in progress with sufficient frequency to determine compliance. The estimated eight to 15 positions allows for 50 percent to 100 percent of the applications to be inspected.
- *Enforcement (three positions).* The department cannot absorb the enforcement needs without diverting enforcement staff from other programs, especially in the regions where there is significant biosolids use (Tidewater, Piedmont, South Central, and Northern Virginia).

The Department of Conservation and Recreation estimates that two additional positions are needed for the review of nutrient management plans.

9. Specific agency or political subdivisions affected: Department of Environmental Quality; Department of Conservation and Recreation; Department of Agriculture and Consumer Services; Department of Health; Department of Professional and Occupational Regulation; Virginia Polytechnic Institute and State University; Virginia Agricultural Extension Service.

10. Technical amendment necessary: Yes. On line 80, insert “and Recreation” after “Conservation”.

11. Other comments: The second enactment clause states that the bill is effective on January 1, 2008, if funding and positions have been appropriated. The seventh enactment clause sets the fee at \$7.50 for each dry ton of sewage sludge that is applied.

Date: 3/1/07 kbs

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cc: Secretary of Natural Resources
Secretary of Health and Human Resources
Secretary of Agriculture and Consumer Services
Secretary of Commerce and Trade
Secretary of Education