

Department of Planning and Budget 2007 Fiscal Impact Statement

1. Bill Number: SB1339

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

2. Patron: Newman

3. Committee: Agriculture, Conservation, and Natural Resources

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 would require the on-site presence of state or local officials when biosolids are being applied and assess a fee of \$7.50 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: Preliminary.

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	\$1,018,120	20.00	0200
2008-09	\$1,755,500	22.00	0200
	\$115,500		0100
2009-10	\$1,755,500	22.00	0200
	\$115,500		0100
2010-11	\$1,755,500	22.00	0200
	\$115,500		0100
2011-12	\$1,755,500	22.00	0200
	\$115,500		0100
2012-13	\$1,755,500	22.00	0200
	\$115,500		0100

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	\$730,000	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: Yes. Item 358 and Item 362.

8. Fiscal implications:

Revenue

Based on information provided by the Virginia Department of Health, DPB estimates that about 261,000 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 \$1.755 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. The revenue from the permit issuance and modification fees cannot be estimated at this time. The Department of Health has been authorized to collect these fees since July 1, 2006, however, the regulations governing the program have not been finalized, so fee revenue has not been collected.

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 (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.

- *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, and Northern Virginia).

The Department of Conservation and Recreation estimates that two additional positions are needed for site management, compliance and guidance.

9. Specific agency or political subdivisions affected: Department of Environmental Quality; Department of Conservation and Recreation; 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 79, 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: 1/31/07 kbs

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