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HOUSE BILL NO. 1757**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Agriculture, Chesapeake and Natural Resources)

(Patron Prior to Substitute—Delegate Scott, E.T.)

House Amendments in [] — January 25, 2013

A *BILL to amend and reenact § 62.1-44.15:21 of the Code of Virginia and to amend the Code of Virginia by adding in Article 2.2 of Chapter 3.1 of Title 62.1 a section numbered 62.1-44.15:24, relating to establishment of the Wetland and Stream Replacement Fund.*

Be it enacted by the General Assembly of Virginia:

1. That § 62.1-44.15:21 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 2.2 of Chapter 3.1 of Title 62.1 a section numbered 62.1-44.15:24 as follows:

§ 62.1-44.15:21. Impacts to wetlands.

A. Permits shall address avoidance and minimization of wetland impacts to the maximum extent practicable. A permit shall be issued only if the Board finds that the effect of the impact, together with other existing or proposed impacts to wetlands, will not cause or contribute to a significant impairment of state waters or fish and wildlife resources.

B. Permits shall contain requirements for compensating impacts on wetlands. Such compensation requirements shall be sufficient to achieve no net loss of existing wetland acreage and functions and may be met through (i) wetland creation or restoration, (ii) purchase or use of mitigation bank credits pursuant to § 62.1-44.15:23, (iii) *contribution to the Wetland and Stream Replacement Fund established pursuant to § 62.1-44.15:24 to provide compensation for impacts to wetlands, streams, or other state waters that occur in areas where neither mitigation bank credits nor credits from a Board-approved fund that have met the success criteria are available at the time of permit application*, or (iv) contribution to a Board-approved fund dedicated to achieving no net loss of wetland acreage and functions. When utilized in conjunction with creation, restoration, or mitigation bank credits, compensation may incorporate ~~(i)~~ (a) preservation or restoration of upland buffers adjacent to wetlands or other state waters or ~~(ii)~~ (b) preservation of wetlands.

C. The Board shall utilize the U.S. Army Corps of Engineers' "Wetlands Delineation Manual, Technical Report Y-87-1, January 1987, Final Report" as the approved method for delineating wetlands. The Board shall adopt appropriate guidance and regulations to ensure consistency with the U.S. Army Corps of Engineers' implementation of delineation practices. The Board shall also adopt guidance and regulations for review and approval of the geographic area of a delineated wetland. Any such approval of a delineation shall remain effective for a period of five years; however, if the Board issues a permit pursuant to this article for an activity in the delineated wetland within the five-year period, the approval shall remain effective for the term of the permit. Any delineation accepted by the U.S. Army Corps of Engineers as sufficient for its exercise of jurisdiction pursuant to § 404 of the Clean Water Act shall be determinative of the geographic area of that delineated wetland.

D. The Board shall develop general permits for such activities in wetlands as it deems appropriate. General permits shall include such terms and conditions as the Board deems necessary to protect state waters and fish and wildlife resources from significant impairment. The Board is authorized to waive the requirement for a general permit or deem an activity in compliance with a general permit when it determines that an isolated wetland is of minimal ecological value. The Board shall develop general permits for:

1. Activities causing wetland impacts of less than one-half of an acre;
2. Facilities and activities of utilities and public service companies regulated by the Federal Energy Regulatory Commission or State Corporation Commission. No Board action on an individual or general permit for such facilities shall alter the siting determination made through Federal Energy Regulatory Commission or State Corporation Commission approval. The Board and the State Corporation Commission shall develop a memorandum of agreement pursuant to §§ 56-46.1, 56-265.2, 56-265.2:1, and 56-580 to ensure that consultation on wetland impacts occurs prior to siting determinations;

3. Coal, natural gas, and coalbed methane gas mining activities authorized by the Department of Mines, Minerals and Energy, and sand mining;

4. Virginia Department of Transportation or other linear transportation projects; and

5. Activities governed by nationwide or regional permits approved by the Board and issued by the U.S. Army Corps of Engineers. Conditions contained in the general permits shall include, but not be limited to, filing with the Board any copies of preconstruction notification, postconstruction report, and certificate of compliance required by the U.S. Army Corps of Engineers.

E. Within 15 days of receipt of an individual permit application, the Board shall review the

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60 application for completeness and either accept the application or request additional specific information
61 from the applicant. Within 120 days of receipt of a complete application, the Board shall issue the
62 permit, issue the permit with conditions, deny the permit, or decide to conduct a public meeting or
63 hearing. If a public meeting or hearing is held, it shall be held within 60 days of the decision to conduct
64 such a proceeding, and a final decision as to the permit shall be made within 90 days of completion of
65 the public meeting or hearing.

66 F. Within 15 days of receipt of a general permit application, the Board shall review the application
67 for completeness and either accept the application or request additional specific information from the
68 applicant. A determination that an application is complete shall not mean the Board will issue the permit
69 but means only that the applicant has submitted sufficient information to process the application. The
70 Board shall deny, approve, or approve with conditions any application for coverage under a general
71 permit within 45 days of receipt of a complete preconstruction application. The application shall be
72 deemed approved if the Board fails to act within 45 days.

73 G. No Virginia Water Protection Permit shall be required for impacts to wetlands caused by activities
74 governed under Chapter 13 (§ 28.2-100 et seq.) of Title 28.2 or normal agricultural activities or normal
75 silvicultural activities. This section shall also not apply to normal residential gardening, lawn and
76 landscape maintenance, or other similar activities that are incidental to an occupant's ongoing residential
77 use of property and of minimal ecological impact. The Board shall develop criteria governing this
78 exemption and shall specifically identify the activities meeting these criteria in its regulations.

79 H. No Virginia Water Protection Permit shall be required for impacts caused by the construction or
80 maintenance of farm or stock ponds, but other permits may be required pursuant to state and federal
81 law. For purposes of this exclusion, farm or stock ponds shall include all ponds and impoundments that
82 do not fall under the authority of the Virginia Soil and Water Conservation Board pursuant to Article 2
83 (§ 10.1-604 et seq.) of Chapter 6 pursuant to normal agricultural or silvicultural activities.

84 **§ 62.1-44.15:24. Wetland and Stream Replacement Fund established.**

85 *There is hereby created in the state treasury a special nonreverting fund to be known as the Wetland*
86 *and Stream Replacement Fund, hereafter referred to as "the Fund." The Fund shall be established on*
87 *the books of the Comptroller. All contributions to the Board pursuant to clause (iii) of subsection B of*
88 *§ 62.1-44.15:21 shall be paid into the state treasury and credited to the Fund. Interest earned on*
89 *moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,*
90 *including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall*
91 *remain in the Fund. The Fund shall be administered and utilized by the Department of Environmental*
92 *Quality. The Fund may be used as an additional mechanism for compensatory mitigation for impacts to*
93 *aquatic resources (i) that result from activities authorized under (a) Section 404 and 401 of the Clean*
94 *Water Act (33 U.S.C. § 1251 et seq.), (b) the Virginia Water Protection Permit Regulation (9 VAC*
95 *25-210 et seq.), or (c) Section 10 of the Rivers and Harbors Act (33 U.S.C. § 403); (ii) that result in*
96 *unauthorized activities in waters of the United States or state waters; and (iii) in other cases, as the*
97 *appropriate regulatory agencies deem acceptable. Moneys in the Fund shall be used for the purpose of*
98 *purchasing mitigation bank credits in compliance with the provisions of subsection A of § 62.1-44.15:23*
99 *as soon as practicable if qualifying credits are available. If such credits are not available within three*
100 *years of the collection of moneys for a specific impact, then funds shall be utilized either (1) to*
101 *purchase credits from a Board-approved fund that have met the success criteria, if qualifying credits are*
102 *available, (2) for the planning, construction, monitoring, and preservation of wetland and stream*
103 *mitigation projects and preservation, enhancement, or restoration of upland buffers adjacent to wetlands*
104 *or other state waters when used in conjunction with creation or restoration of wetlands and streams, or*
105 *(3) for other water quality improvement projects as deemed acceptable by the Department of*
106 *Environmental Quality. Such projects developed under clause [(1) (2)] shall be developed in*
107 *accordance with guidelines, responsibilities, and standards established by the Department of*
108 *Environmental Quality for use, operation, and maintenance consistent with 33 CFR Part 332, governing*
109 *compensatory mitigation for activities authorized by U.S. Army Corps of Engineer permits. Expenditures*
110 *and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the*
111 *Comptroller upon written request signed by the Director of the Department of Environmental Quality.*
112 *The Department may charge a reasonable fee to administer the Fund.*