

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB673

House of Origin	X	Introduced	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Engrossed
Second House	<input type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Poindexter

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Stormwater management permit fees; land-disturbing activities of one to five acres.

5. Summary: Directs the Board to set the fee for coverage of one-acre to five-acre single-family residential projects under a General Permit for Discharges of Stormwater from Construction Activities at the amount charged for similar projects of less than one acre.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary, see Item 8.

8. Fiscal Implications: According to the Department of Environmental Quality (DEQ), revenue could be lost if DEQ's portion of the construction permit fee is reduced. DEQ administers these permits under Virginia Stormwater Management Program regulations, authorized by the Virginia Stormwater Management Act (§ 62.1-44.15:24 et seq). Currently, regulations establish an increase in construction fees effective July 1, 2014. Under the provisions of this bill, the amount of the increased fee would decrease; thus the amount of new revenue DEQ could receive, effective July 1, 2014, would decrease by approximately \$553,000 (DEQ's portion of the permit fee is reduced from \$756 to \$81).

This bill could significantly reduce the fee paid by developers constructing single-family residences with a land disturbance of one acre or more but less than five acres. The construction fee, as of July 1, 2014, is set to increase to \$2,700 from \$450, with DEQ receiving \$756 (28 percent) from each permit, and the locality receiving the remaining (72 percent). However, this bill would reduce the fee to match the fee for coverage of sites or areas with land-disturbance acreage of less than one acre. The fee for this is increasing from \$200 to \$290 on July 1, 2014, and DEQ's share of the new fee would be \$81. The difference in revenue collected per fee is \$675.

Based on U.S. Census Bureau historical data, and assuming that five percent of the total number of single-family residences built disturbs between one acre and less than five acres, DEQ's revenue loss could be approximately \$553,000 per year. From 2009 to 2012, the average number of new privately owned housing units authorized in Virginia, per the US Census Bureau, was

16,385. DEQ estimates that five percent of the total number of single-family residences could be built that disturb between one acre and less than five acres. Therefore, $16,385 * 5\% * \$675 = \$553,000$ (rounded to nearest thousand).

The new fees, beginning July 1, 2014, were established in order to generate enough revenue to meet increased demands in workload. This program is primarily supported from the collection of permitting fees. Consequently, DEQ may have to examine alternative ways of addressing the anticipated revenue loss. These alternatives could include the following: seeking additional general fund support during the 2015 Session, increasing permit fees for other types of land disturbing activities, or reducing staff.

9. Specific Agency or Political Subdivisions Affected: The Department of Environmental Quality and localities.

10. Technical Amendment Necessary: DEQ is recommending technical amendments to clarify that this new fee provision (§ 62.1-44.15:28(A)(5)(f) of the Code of Virginia) applies independently of the fees established under § 62.1-44.15:28(A)(5)(c) and to clarify that the reduced permit fee only applies to the construction of a single-family structure on a site or area equal to or greater than one acre but less than five acres; the construction of multiple single-family structures on a site or area equal to or greater than one acre but less than five acres would not be subject to a reduced permit fee.

11. Other Comments: This legislation also could also reduce localities' permit fees for these projects, since as written it affects "the fee for coverage under the General Permit for Discharges of Stormwater from Construction Activities issued by the Board." However, localities would retain the authority pursuant to § 62.1-44.15:28(A)(5)(b) to increase those fees if necessary.

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Date: 01/23/2014

cc: Secretary of Natural Resources