Department of Planning and Budget
2014 Fiscal Impact Statement

1. **Bill Number**: SB423-ER

    House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

    Second House ☐ In Committee ☐ Substitute X Enrolled

2. **Patron:** Hanger

3. **Committee:** Passed Both Houses

4. **Title:** Stormwater management program; regulations; single-family residence.

5. **Summary:** Allows any locality that does not operate a municipal separate storm sewer system (MS4) to opt out of establishing Virginia Stormwater Management Programs (VSMP). The Department of Environmental Quality (DEQ) will operate a VSMP on behalf of any locality that does not operate a regulated MS4 and that does not notify DEQ of its decision to participate in the establishment of a VSMP. A locality that decides not to establish a VSMP shall still comply with the requirements required to satisfy the stormwater flow rate capacity and velocity requirements set forth in the Erosion and Sediment Control Law, and the Chesapeake Bay Preservation Act, if applicable. A locality that operates a MS4 that becomes a regulated MS4 on or after January 1, 2014, may elect to defer the implementation of the VSMP until no later than January 1, 2015. In addition, appeals of decisions rendered by localities shall be conducted in accordance with local appeal procedures and shall include an opportunity for judicial review in the circuit court of the locality in which the land disturbance occurs or is proposed to occur.

    Also, The bill establishes a procedure by which neither a registration statement nor the state permit fee shall be required for coverage under the General Permit for Discharges of Stormwater from Construction Activities for construction activity involving a single-family detached residential structure.

    This bill contains an emergency clause.

6. **Budget Amendment Necessary**: No

7. **Fiscal Impact Estimates:** Final, see Item 8.

8. **Fiscal Implications:** The Department of Environmental Quality estimates that the additional costs of administering this program on behalf of localities that opt out of or defer establishing VSMPs could be offset by the additional amount of stormwater construction fees collected. Also, the bill could require ten additional positions to administer this program, but these could be filled using current vacancies, and funded with the additional revenue. DEQ needs the additional positions to administer the program for the localities that are not MS4s and do not opt in to the program. DEQ will have to administer their entire VSMP for those localities. The fiscal impact estimate assumes that all non-MS4 localities would opt out of establishing VSMPs, so DEQ would manage the stormwater programs for each of those localities. A new fee schedule is set to take effect July 1, 2014, which could generate about $800,000 annually in nongeneral fund revenue to DEQ associated with administering the programs for the localities that opt out of this program. The fiscal impact from the exclusion of construction activity involving a single-family detached residential structure is indeterminate, but DEQ believes that the exemption of these fees will have a very small impact on the amount of fees collected since many of these small construction activities noted in the bill are not being reported and paid now. Therefore, this change in revenue may be minimal.

However, since this bill includes an emergency clause and would become law before the new fees take effect, there could be costs not covered by existing fee revenue to DEQ up until June 30, 2014. DEQ notes that it believes that it has enough cash (and revenue) to sustain the program for several months.

In addition, it is anticipated that any additional proceedings in the courts that may result from this legislation can be absorbed with current allocated resources.

9. **Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality, the judicial system, and localities.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** None.

Date: 03/02/2014

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cc: Secretary of Natural Resources