

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: SB48

House of Origin	<input checked="" type="checkbox"/>	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: Stuart

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Eastern Virginia Groundwater Management Area; prohibition on oil and gas drilling.

5. Summary: Prohibits the drilling for oil and gas in the Eastern Virginia Groundwater Management Area. When the General Assembly enacted the Groundwater Management Act in 1973, it declared that the continued, unrestricted usage of groundwater is contributing and will contribute to pollution and the shortage of groundwater, thereby jeopardizing the public welfare, safety, and health. The Act recognized that the state has the right to the reasonable control of all groundwater resources in order to conserve, protect, and beneficially utilize the groundwater of the Commonwealth. The bill applies to groundwater and the associated aquifers in the coastal plain of Virginia. The bill also requires the Department of Environmental Quality (DEQ) to adopt regulations protecting surface and ground water resources before the Department of Mines, Minerals and Energy issues a drilling permit in those areas of Tidewater where such activity is allowed.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary, see item 8, below.

8. Fiscal Implications: This bill will ban drilling in the Taylorsville Basin. Currently, there is no active drilling in the Taylorsville Basin; as a result there would be no state fiscal impact. This bill would require DEQ to issue regulations protecting surface and ground water resources. It is anticipated that DEQ would be able to complete work on issuing regulations using existed resources. The ban would result in a de facto forfeiture of potential severance tax revenue to the affected localities. Localities are authorized to levy a severance tax that is capped at one percent of the gross receipts from the sale of coal or gases severed within such city or county. However, only eight localities in the Commonwealth currently impose a severance tax on coal or natural gas sales. None of the counties that currently impose the severance tax are located in the Eastern Virginia Groundwater Management Area.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals and Energy, Department of Environmental Quality, localities.

10. Technical Amendment Necessary: No.

11. Other Comments: None.