

Commission on Local Government
Estimate of Local Fiscal Impact

2015 General Assembly Session

Bill: HB1293

Patron: Morris

Date: 1/22/2015

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

Bill Summary:

Requires the State Water Control Board, in establishing a statewide fee schedule for stormwater management programs, to waive permit fees for land-disturbing activities undertaken on property owned by certain churches, religious associations, or denominations. The bill also requires localities to waive stormwater management program service charges for properties owned by such organizations.

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**Executive Summary:**

Under the provisions of HB 1293, local governments would be required to provide waivers of stormwater utility fees for churches, religious associations, and religious denominations. Other provisions of the bill are unrelated to CLG's analysis.

Localities have evaluated a fiscal impact of \$800-442,378. The larger localities are more exposed to a reduction of fees if HB 1293 is enacted because they are more likely to have a larger number of churches, religious associations, and religious denominations. Local governments that do not levy a stormwater fee will not be affected by this legislation.

Respondents have noted that churches tend to have larger parking lots that are larger than average contributors to stormwater runoff. It is likely that these localities would need to raise the fee in order to remain revenue-neutral. Several respondents have indicated that they offer a credit system to these groups.

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**Local Analysis:**

**Locality:** City of Chesapeake

**Estimated Fiscal Impact:** \$442,378.00

Chesapeake's Public Works staff conducted an analysis of the potential financial impact of this legislation to the Stormwater Management Program budget. They estimated an annual loss of Stormwater Utility Fee revenue in the sum of \$442,377.60 at the current utility rate of \$7.35 per equivalent residential unit (ERU). This is approximately 3% of the annual revenue collected. Additionally, if this legislation becomes effective, it could severely erode the concept of a fee-based system to support local stormwater management programs as authorized under §§ 15.2-2114 and 62.1-44.15:28 of the Code of Virginia. The Stormwater Utility Fee is directly correlated to the amount of impervious area on a developed parcel resulting in stormwater runoff which must be treated and managed by the City Stormwater Management Program. Existing credit programs allow for partial fee waivers to any property owner who installs, operates, and maintains a stormwater management facility that achieves a permanent reduction in stormwater flow or pollutant loadings. Churches and religious associations are eligible for these partial waivers.

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Locality: City of Danville **Estimated Fiscal Impact:** \$5,000.00

The local impact of HB 1293 should be minimal. Based upon historical data , it could potentially reduce revenue from stormwater permits by as much as \$5,000.00.

Locality: City of Falls Church **Estimated Fiscal Impact:** \$63,936.00

Based upon the current number and size of the churches within the City of Falls Church, the fiscal impact of this bill would be \$63,936.00 annually. This represents 6% of our total stormwater budget. Because of the size of the parking lots for our churches and the locations of these churches (many are atop hills), they contribute to a large percentage of our stormwater runoff. This legislation would increase the cost to residents and businesses that individually contribute less runoff.

Locality: City of Harrisonburg **Estimated Fiscal Impact:** \$42,000.00

The City is implementing a stormwater utility fee in fiscal year 2015. Based upon current information and proposed utility rates, the fiscal impact would be approximately \$42,000.

Locality: City of Lexington (2) **Estimated Fiscal Impact:** \$50,000.00

We have not yet implemented a stormwater management fee, but estimate of the impact is based upon 16 churches located within the City. This would be the estimated annual impact.

Locality: City of Lynchburg **Estimated Fiscal Impact:** \$241,000.00

For the property classes listed in the provisions of HB 1293, the \$241,000 estimate seems reasonable, but the impact could be as much as \$436,000 if all properties under these classes are exempt.

Locality: City of Roanoke **Estimated Fiscal Impact:** \$65,000.00

Exempting churches, or any other special interest groups, would effectively raise the fee rate that everyone else pays. Churches typically have large buildings and parking lots that make significant contributions to storm drain runoff. We do offer credits for those churches that provide stormwater management. Our system is one that is based upon equity. Everyone contributes to the problem of runoff, and everyone pays a share of the fee.

The proposed legislation would result in lost Stormwater Utility revenue of an estimated \$65,000 at the FY15 fee rate, \$130,000 the following year, and \$195,000 in FY17. This figure does not include all Utility revenue that would be lost because faith-based retirement communities (ie Brandon Oaks sponsored by Virginia Lutheran Homes) and faith-based schools (Roanoke Catholic) are not included in these figures. Nor does it include exempting other nonprofit groups.

Locality: City of Winchester

Initially, HB 1293 may have a small impact on the City. The impact would depend upon how many new churches are constructed or existing churches that remodel, add-on, etc. where they have to get a land disturbance permit. There would be a larger impact if the City were to implement a stormwater utility in the future. Churches or religious organizations would be exempt from the fee. There are numerous, large churches in Winchester. At this time, it would be difficult to generate an estimate for that scenario.

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**Locality:** Henrico County

At the present time, the County does not impose a charge for a stormwater utility. This bill would place an unfair burden on residences and businesses for the stormwater requirements created by these entities.

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Locality: Henry County

No impact to Henry County. We do not collect these fees.

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**Locality:** King George County **Estimated Fiscal Impact:** \$800.00

Loss of revenue to the County would be the review fee (the figure shown above would be for each church, association, or denomination). Would this then lead to elimination of other plan and building review fees?

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Locality: Rappahannock County **Estimated Fiscal Impact:** \$3,000.00

Principal costs would be to the local government as our plan review authority is the Soil and Water Conservation District, who would presumably charge us for these services whether we collect fees or not. We've had two churches with such permits required in the last year.

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**Locality:** Richmond County **Estimated Fiscal Impact:** \$1,000.00

The impact is difficult to determine. It would be based upon the number of churches that apply.

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Locality: Rockingham County

Estimated Fiscal Impact: \$1,000.00

Rockingham County currently has stormwater fees for construction, but no annual fees for management of the program.

Relief from stormwater fees does not eliminate the costs associated with running such programs; it simply means that those fees are borne by others. There should be no exemption from stormwater fees for any property owner, including schools, cities, towns, churches, religious associations, colleges/universities, etc. Those groups may gain relief from fees through implementation of Best Management Practices like those available to the private sector.

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**Locality:** Spotsylvania County

**Estimated Fiscal Impact:** \$3,000.00

The three-year recertification fee is \$95. If this bill were passed, Spotsylvania County would lose \$3,000 over a three year period for recertification fees. Additionally, for any new church that is built in the County, \$875 in initial BMP fees and \$95 for recertification fees every three years would be lost.

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Locality: Town of Front Royal

The Town does not permit/inspect land-disturbing activities. However, the fees for these services by the County cover costs associated with development, and the loss of these fees would impact the County's cost recovery.

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**Professional Organization Analysis:**

**Organization:** VGFOA

Exempting churches, or any other special interest groups, would effectively raise the fee rate that everyone else pays. Churches typically have large buildings and parking lots that make significant contributions to storm drain runoff. Some localities offer credits for those churches that provide stormwater management. The proposed legislation would result in significant revenue loss that would have to be absorbed by others in the community.

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