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HOUSE BILL NO. 575**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Agriculture, Chesapeake and Natural Resources
on January 31, 2018)

(Patron Prior to Substitute—Delegate Bloxom)

A *BILL* to amend the Code of Virginia by adding sections numbered 62.1-132.3:3 and 62.1-132.3:4, relating to Virginia Waterway Maintenance Fund; grant program.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding sections numbered 62.1-132.3:3 and 62.1-132.3:4 as follows:

§ 62.1-132.3:3. Virginia Waterway Maintenance Fund.

From such funds as may be appropriated by the General Assembly and any gifts, grants, or donations from public or private sources, there is hereby created in the state treasury a special nonreverting, permanent fund to be known as the Virginia Waterway Maintenance Fund (the Fund), to be administered by the Authority. The Fund shall be established on the books of the Comptroller. Any moneys remaining in the Fund at the end of each fiscal year, including interest thereon, shall not revert to the general fund but shall remain in the Fund. Expenditures and disbursements from the Fund, which shall be in the form of grants, shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Executive Director. Moneys in the Fund shall be used solely for the purpose of awarding grants to applicants to the Virginia Waterway Maintenance Grant Program pursuant to § 62.1-132.3:4.

§ 62.1-132.3:4. Virginia Waterway Maintenance Grant Program.

A. Once each fiscal year, the Authority shall award a grant of funds to a qualified applicant or applicants to support a dredging project or projects that have been approved by the Authority. The source of the grant funds shall be the Virginia Waterway Maintenance Fund created pursuant to § 62.1-132.3:3. Applicants shall be limited to political subdivisions and the governing bodies of Virginia localities.

B. The Authority shall develop guidelines establishing an application process, procedures for evaluating the feasibility of a proposed dredging project, and procedures for awarding grants. The guidelines and procedures shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq.). The guidelines and procedures shall provide that:

1. The Authority shall evaluate each application to determine its completeness, the sufficiency of its justification for the proposed project, the status of any necessary permits, the adequacy of its project management organization, and the potential beneficial use of dredged materials for the purpose of mitigation of coastal erosion, flooding, or other purposes for the common good.

2. The Authority shall not require any level of matching contributions from the applicant.

3. No award of a grant shall support any dredging project for a solely privately owned marina or dock.

4. Prior to receipt of a grant, the applicant shall enter into a memorandum of understanding with the Authority establishing the requirements for the use of the grant funds.

C. Projects for which the Authority may award grant funding include (i) feasibility and cost evaluations, pre-project engineering studies, and project permitting and contracting costs for a waterway project conducted by the Commonwealth; (ii) the state portion of a nonfederal sponsor funding requirement for a federal project, which may include the beneficial use of dredged materials that are not covered by federal funding; (iii) the Commonwealth's maintenance of shallow-draft navigable waterway channel maintenance dredging and the construction and management of areas for the placement of dredged material; and (iv) the beneficial use, for environmental restoration and the mitigation of coastal erosion or flooding, of dredged materials from waterway projects conducted by the Commonwealth.