

## Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** HB2074

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron:** Simonds

3. **Committee:** Appropriations

4. **Title:** Environmental justice; interagency working group.

5. **Summary:** Establishes the Interagency Environmental Justice Working Group as an advisory council in the executive branch of state government to further environmental justice in the Commonwealth and directs each of the Governor's Secretaries to designate at least one environmental justice coordinator to represent the secretariat as a member of the Working Group. The bill directs the Working Group to focus its work during its first year on the environmental justice of current air quality monitoring practices in Virginia and provides that the Working Group shall expire on July 1, 2031.

The bill directs each state agency to adopt an agency-specific environmental justice policy that requires an evaluation of the environmental justice consequences of any covered agency action, requires a consideration of the environmental justice consequences or cumulative impacts of the administration of regulations, and contains other features, including robust public participation plans for residents of environmental justice communities and fenceline communities potentially affected by a covered agency action. Each agency under the Secretary of Agriculture and Forestry, the Secretary of Commerce and Trade, the Secretary of Health and Human Resources, the Secretary of Natural Resources, and the Secretary of Transportation shall comply with the provisions of this section by October 1, 2021. Each agency under the Secretary of Education shall comply with the provisions of this section by October 1, 2022. Each agency under any other Secretariat shall comply with the provisions of this section by October 1, 2023.

Finally, the bill requires each local government adopting or reviewing a comprehensive plan to also adopt an environmental justice strategy.

6. **Budget Amendment Necessary:** Yes, to Items 376, 377, and 378.

7. **Fiscal Impact Estimates:** Preliminary.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2021	N/A	N/A	N/A
2022	\$693,000	6.0	GF
2023	\$693,000	6.0	GF

2024	\$693,000	6.0	GF
2025	\$693,000	6.0	GF
2026	\$693,000	6.0	GF
2027	\$693,000	6.0	GF

- 8. Fiscal Implications:** This bill requires that every state agency adopt an agency-specific environmental justice policy that evaluates the environmental justice consequences of any covered agency action that involves any portion of the environment of the Commonwealth. The bill defines “covered agency action” as any regulation, issuance of a guidance document, or expenditure of agency funds in excess of \$500,000 for a particular environmental, economic development, infrastructure, or transportation project. Each state agency shall review and update its environmental justice policy at least once every four years.

The extent of the review required, as well as the costs associated, to develop such policies is indeterminate. It is anticipated that this bill will have a greater impact on agencies in certain Secretariats, including the Secretariats of Transportation, Natural Resources, Health and Human Resources, and Commerce and Trade, as the agencies in these areas promulgate and enforce a multitude of regulations and undertake construction projects.

According to the Department of Environmental Quality (DEQ), this bill would require 12 Environmental Specialist II positions at \$115,500 each for salaries, benefits, and direct costs. Of these 12 positions, six are provided for in HB1800/SB1100, as introduced. If the introduced funding is removed, DEQ will need additional resources.

For environmental justice and outreach, the agency estimates a need for eight FTEs, including two at agency headquarters, and one in each regional office. HB1800/SB1100, as introduced, includes \$11.9 million in ongoing general fund support starting FY 2022, out of which \$2.6 million is provided for environmental justice and outreach initiatives, including the addition of six regional community outreach coordinators. If introduced funding remains, the agency will require funding for two positions in its central office.

For the regulatory requirements of this bill, DEQ anticipates incurring an impact from the bill’s requirement that all state agencies develop an environmental justice policy that includes an evaluation of the environmental justice consequences of any covered agency action and a consideration of the environmental justice consequences or cumulative impacts of the administration of regulations. While development of the plan can be accomplished with existing resources, implementing its provisions will require additional staff. A cumulative impact analysis will require the development of new regulations that include technical review criteria yet to be determined. This will require technical research and permitting review by staff with a health and toxicology background, which are skill sets DEQ currently does not have. Four FTEs are required.

The second enactment of the bill directs the Working Group to focus its work during its first year on the environmental justice of current air quality monitoring practices in Virginia. At this time, information on the impact of this enactment on DEQ is still being analyzed. According to DEQ, assessing air cumulative impacts involves modeling the proposed source

with other sources to understand the disbursement of pollutants and then conducting a risk health evaluation on the impact to human health. The agency anticipates that it may require two FTEs to carry out data modeling (which would increase the need for new funding to support eight positions); additional information is pending. These positions will require expertise in meteorology and health toxicology.

In addition, information on the potential impact of this bill on Title V revenue is pending. Such funding supports, not just permitting activities, but associated compliance, enforcement and monitoring activities.

Virginia Department of Health (VDH) also provided information on the bill's potential impact to that agency. The department has a number of programs within the Office of Environmental Health Services, the Office of Drinking Water, and the Office of Radiological Health that directly impact the environment and will be impacted by this legislation. It is anticipated that VDH can develop an agency-specific environmental justice policy with existing agency resources. However, the agency anticipates that implementation of the policy will require additional resources. The extent of those resources is indeterminate because the resource requirements will be determined by the specific policy. Developing the policy will require public participation which will necessarily require additional staffing resources in order to be sufficiently robust to implement a program that truly addresses environmental justice issues related to VDH programs. Development of the policy will require input from a wide variety of stakeholders; therefore, a specific outline of the policy cannot be determined prior to that input.

It is anticipated that other agencies will require additional resources; however, the totality of such resources cannot be determined. As information is received from agencies, this fiscal impact statement will be updated.

The bill establishes the Interagency Environmental Justice Working Group to further environmental justice in the Commonwealth. Each of the Governor's Secretaries shall designate at least one and no more than three environmental justice coordinators to represent the secretariat as a member of the Working Group. The Working Group shall meet at least quarterly. Members shall receive compensation and shall be reimbursed for all reasonable and necessary expenses incurred in the performance of their duties as provided in § 2.2-2813, Code of Virginia. The bill provides that the Secretary of Natural Resources shall provide staff support to the Working Group, and all agencies of the Commonwealth shall provide assistance to the Working Group, upon request. It is anticipated that the costs associated with supporting the Working Group can be absorbed in current resources.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies; localities.

**10. Technical Amendment Necessary:** No

**11. Other Comments:** SB1318 also addresses environmental justice.