

## Department of Planning and Budget 2007 Fiscal Impact Statement

**1. Bill Number** HB1710

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron** Callahan

**3. Committee** Agriculture, Conservation and Natural Resources

**4. Title** Treatment works; reimbursement to localities of funds for upgrades thereof.

**5. Summary/Purpose:** Codifies the Commonwealth's commitment to provide \$500 million for grants to upgrade wastewater treatment plants and provides three methods for the payment thereof. The bill provides for the payment of these grants to 89 publicly-owned wastewater treatment plants according to the methodology specified in the Water Quality Improvement Act, with a minimum grant amount of 35 percent of the costs for the design and installation of nutrient removal technology. Should any grant be prorated, the bill prioritizes the use of any year-end revenue surplus or unappropriated general fund balances deposited to the Water Quality Improvement Fund (WQIF) be used to offset any proration.

**6. Fiscal Impact Estimates are:** Preliminary. See item 8, below.

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The proposed legislation codifies the Commonwealth's commitment to provide \$500 million for Water Quality Improvement Grants to certain publicly owned sewage treatment facilities to fund a portion of the costs of design and installation of the 89 projects listed in the bill. The purpose of the projects is to install technologies in the listed treatment facilities that will allow the facilities to achieve significant additional reductions of nitrogen and phosphorus in order to restore and improve the Chesapeake Bay and its tributaries and to protect the Bay from further impairment, all for the benefit of the citizens of the Commonwealth. The funds provided for in the bill are intended to provide a secure and reliable source of future funds to aid in the upgrading of sewage treatment facilities to meet the nutrient reduction goals set forth in the Chesapeake Bay Agreement and improve water quality throughout Virginia's portion of the Chesapeake Bay watershed.

The bill provides for the issuance of bonds by the Virginia Public Building Authority (VPBA) as one source of funding for Water Quality Improvement Grants; however, the bill does not authorize such bonds. Authority for VPBA to issue bonds would be provided in future legislative sessions, presumably through Treasury Board language in the Appropriation Act prior to the issuance of bonds for this purpose. At such time as any bonds for this purpose are issued, they will constitute tax-supported debt of the Commonwealth and as such have an impact on the Commonwealth's debt capacity.

Grants will be administered by the Department of Environmental Quality (DEQ) under the Virginia Water Quality Improvement Grant program. The bill also adds provisions to ensure efficient use of the WQIF deposits by enabling DEQ to deny grant requests if the use of nutrient credits would be more cost effective and to base grant amounts upon the optimal construction costs, based upon an analysis of the full life-cycle costs of the facility. Also, grants would be paid to localities when they expended 75 percent of their portion of the costs

- 9. Specific agency or political subdivisions affected:** Department of the Treasury, Treasury Board, Virginia Public Building Authority, Department of Environmental Quality, Department of Planning and Budget, Augusta County Service Authority, Town of Luray, Harrisonburg-Rockingham Regional Sewer Authority, City of Waynesboro, Town of Berryville, Town of Front Royal, Town of Mount Jackson, Town of New Market, Shenandoah County, Stoney Creek Sanitary District, Town of Strasburg, Town of Woodstock, Frederick-Winchester Service Authority, Town of Purcellville, Loudoun County Service Authority, Town of Leesburg, Town of Round Hill, Prince William County Service Authority, Upper Occoquan Sewage Authority, Arlington County, Fauquier County Water and Sewer Authority, Alexandria Service Authority, Fairfax County, Stafford County, Town of Colonial Beach, King George County Service Authority, Town of Culpeper, Town of Marshall, Culpeper County, Town of Orange, Rapidan Service Authority, Town of Warrenton, Rapidan Service Authority, Spotsylvania County, City of Fredericksburg, Stafford County, Westmoreland County, King George County Service Authority, Town of Tappahannock, Town of Warsaw, Reedville Sanitary District, Town of Kilmarnock, Caroline County, Hanover County, Hampton Roads Sanitation District, New Kent County, City of Buena Vista, Town of Clifton Forge, City of Covington, Maury Service Authority, Alleghany County, Town of Amherst, City of Lynchburg, Rivanna Water and Sewer Authority, Town of Crewe, Town of Farmville, Henrico County, City of Hopewell, Chesterfield County, City of Richmond, South Central Wastewater Authority, Town of Cape Charles, Town of Onancock, Town of Tangier.

- 10. Technical amendment necessary:** Yes. Line 155 repeats the information on Line 154. Line 155, strike "Authority WWTF".

- 11. Other comments:** None.

**Date:** 02/05/07 /tmw

**Document:** G:\2007 Session\Fiscal Impact Statements\HB1710h1.Doc

cc: Secretary of Finance

Secretary of Natural Resources