

## Department of Planning and Budget 2008 Fiscal Impact Statement

**1. Bill Number:** HB1335

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

**2. Patron:** Landes

**3. Committee:** Agriculture, Chesapeake, and Natural Resources

**4. Title:** Natural resources funding

**5. Summary:** The bill allocates annually 10 percent of the revenue generated by a one percent sales and use tax, not to exceed \$100 million, to fund agricultural best management practices. The sales tax allocation would be deposited into the newly established Virginia Natural Resources Commitment Fund and distributed to the Department of Conservation and Recreation's Agricultural Best Management Practices Cost-Share Program for the implementation of agricultural best management practices (BMP). Fifty-seven percent of the moneys are to be used for matching grants to implement BMPs on agricultural lands exclusively in the Chesapeake Bay watershed and 38 percent of the moneys would be used for all other lands in the Commonwealth. Five percent of the moneys would be allocated to soil and water conservation districts.

**6. Fiscal Impact Estimates:** Preliminary.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$100 million	nongeneral fund
2010	\$100 million	nongeneral fund
2011	\$100 million	nongeneral fund
2012	\$100 million	nongeneral fund
2013	\$100 million	nongeneral fund
2014	\$100 million	nongeneral fund

**6b. Revenue Impact:** The bill allocates 10 percent of the revenue generated by a one percent sales and use tax, reducing the general fund revenues for appropriations by the same amount. For information purposes, the revenue generated by 10 percent of a one percent sales and use tax is provided below:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$104.8 million	general fund
2010	\$120.8 million	general fund
2011	\$126.4 million	general fund
2012	\$131.7 million	general fund
2013	\$141.6 million	general fund
2014	\$141.6 million	general fund

The bill decreases the general fund revenue available for appropriation to other uses by directing the transfer to the Virginia Natural Resources Commitment Fund, as shown below:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>	<i>Dollars</i>	<i>Fund</i>
2009	(\$100 million)	general	\$100 million	nongeneral fund
2010	(\$100 million)	general	\$100 million	nongeneral fund
2011	(\$100 million)	general	\$100 million	nongeneral fund
2012	(\$100 million)	general	\$100 million	nongeneral fund
2013	(\$100 million)	general	\$100 million	nongeneral fund
2014	(\$100 million)	general	\$100 million	nongeneral fund

The bill limits the transfer to the Virginia Natural Resources Commitment fund to \$100 million annually.

7. **Budget Amendment Necessary:** Yes, Item 361 should be amended to include appropriations from the Virginia Natural Resources Commitment fund. In addition, the front page of House Bill 30 and other general fund appropriations should be reduced to reflect the redirection of the general fund revenue to the fund.
8. **Fiscal Implications:** The bill provides for the allocation of 10 percent of the revenue generated by a one percent sales and use tax to be deposited to the Virginia Natural Resources Commitment fund, capped at \$100 million annually. According to the Department of Taxation, 10 percent of one percent of the sales and use tax will generate in excess of \$100 million each year from 2009 to 2014 (see 6b above).

The bill directs that the annual deposit be used for the Agricultural Best Management Practices Cost Share program and divided between matching grants for lands within the Chesapeake Bay watershed (57 percent), matching grants for all other lands (38 percent) and local soil and water conservation districts (five percent). At the maximum funding level, projects within the Chesapeake Bay watershed will receive \$57 million annually, projects in the rest of the state \$38 million annually, and soil and water conservation districts \$5 million.

The bill does not provide for either funding or positions for the Department of Conservation and Recreation to administer the cost share grants. The soil and water conservation districts provide the technical assistance for the program, and the Department of Conservation and Recreation administers the funding.

9. **Specific Agency or Political Subdivisions Affected:** Department of Conservation and Recreation, soil and water conservation districts.

10. **Technical Amendment Necessary:** No.

11. **Other Comments:** The bill is identical to Senate Bill 511.

cc: Secretary of Natural Resources