

Department of Planning and Budget 2012 Fiscal Impact Statement

1. **Bill Number:** HB176

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron:** Knight

3. **Committee:** Passed Both Houses

4. **Title:** Nutrient credit certification; regulations.

5. **Summary:** This bill (i) amends the State Water Control Act; (ii) amends current law regarding stormwater nonpoint nutrient offsets; (iii) establishes the Nutrient Trading Act; and (iv) contains enactment clauses that address credit requirement and a trading ratio advisory group.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact:** Indeterminate, see item 8.

8. **Fiscal Implications:** The bill authorizes the Virginia Soil and Water Conservation Board, as overseen by DCR, and the State Water Control Board, as overseen by the Department of Environmental Quality (DEQ), to establish a timely and efficient process for the certification of nutrient credits, including an application fee schedule not to exceed \$10,000 per application.

According to DCR, revenue generated from the application fee schedule authorized by this bill is to replace revenue at the same amount as that which is generated by the current water quality enhancement fee. The current fee is equal to six percent of the amount paid by the permittee for the nonpoint nutrient offsets (or “credits” as the bill renames them). As such, this bill is not anticipated to result in additional revenue for the agency.

According to both DEQ and DCR, any administrative costs resulting from the provisions of this bill can be absorbed within existing resources and the fees provided within this bill. However, DCR notes that once the program is implemented and further expands, additional programmatic support paid for by the fees may need to be considered in order to continue to provide timely customer service.

The bill provides that any civil penalties collected pursuant to the provisions of the bill are to be deposited to the Virginia Stormwater Management Fund. It is not known the number of civil penalties that will result from the provisions of this bill. As such, any revenue resulting from penalties assessed is indeterminate at this time.

9. **Specific Agency or Political Subdivisions Affected:** Department of Conservation and Recreation, Department of Environmental Quality.

10. Technical Amendment Necessary: No.

11. Other Comments: The enrolled version of SB77 is identical to this bill.

Date: 3/14/2012