

## Department of Planning and Budget 2018 Fiscal Impact Statement

**1. Bill Number:** HB1475

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

**2. Patron:** Poindexter

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

**4. Title:** Sewerage systems; state adoption of federal criteria.

**5. Summary:** Directs the State Water Control Board (the Board) not to adopt certain U.S. Environmental Protection Agency (EPA) freshwater ammonia water quality criteria (the Criteria) unless the Board includes in such adoption a phased implementation program consistent with the federal Clean Water Act that includes consideration of infrastructure needs of the local community and several other factors. The bill also directs the Department of Environmental Quality to (i) identify any other states that have adopted the Criteria as of July 1, 2018; (ii) identify those procedures for the implementation of the Criteria that will minimize the impact of such implementation on Virginia sewerage systems while complying with the Clean Water Act; and (iii) report its findings to the Chairmen of the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Agriculture, Chesapeake and Natural Resources, the Senate Finance Committee, and the House Appropriations Committee by November 1, 2018.

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

**7. Fiscal Impact Estimates:** None. See #8.

**8. Fiscal Implications:** It is anticipated that the development of procedures and a report on the status of implementation in other states will have negligible impact that DEQ can absorb any costs within existing resources.

**9. Specific Agency or Political Subdivisions Affected:** Department of Environmental Quality.

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

**11. Other Comments:** This bill is also a companion to SB344S2. This bill is similar to HB1374. HB1374 prohibits the State Water Control Board from adopting the proposed Aquatic Life Water Quality Criteria until all other states in EPA regions III and IV have done so, unless the EPA informs the Commonwealth in writing that such timing is unlawful under the federal Clean Water Act.

In 2013, the EPA updated its 1999 recommendations for ambient freshwater ammonia criteria to reflect the newly discovered sensitive nature of freshwater mussels and snails to ammonia toxicity. In April 2107, the State Water Control Board submitted a proposed regulatory amendment to adopt the most recent water quality standards recommended by the U.S. EPA for ammonia and cadmium criteria for protection of aquatic life. In its proposal on behalf of the Board, DEQ indicated that there are an estimated 370 (220 within the Chesapeake Bay watershed and 150 outside the Chesapeake Bay watershed) permitted dischargers who may be affected by the proposed ammonia criteria. The Economic Impact Analysis of the proposed regulatory change notes that DEQ estimates that a simple nitrification system costs about \$372,000 and an advanced treatment system capable of both nitrification and denitrification can range from \$750,000 to \$8.2 million.

Additionally, the Virginia Association of Municipal Wastewater Agencies (VAMWA) prepared an estimate of the economic impact of the proposed ammonia criteria on its members and other sewage facilities. VAMWA's analysis estimates the capital cost for potential retrofits needed to meet the new criteria across the Commonwealth is \$512 million in capital expenditures, plus ongoing operating and maintenance costs. The distribution of any impact over time will depend on the timing of applications for the reissuance of discharge permits.