

Department of Planning and Budget 2018 Fiscal Impact Statement

1. Bill Number: SB340

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

2. Patron: Peake

3. Committee: Agriculture, Conservation and Natural Resources

4. Title: Virginia Water Quality Improvement Fund; publicly owned treatment works; nutrient reduction.

5. Summary: Allows the Director of the Department of Environmental Quality to authorize disbursements from the Water Quality Improvement Fund (WQIF) for cost effective technologies to reduce nutrient loads of total phosphorus, total nitrogen, or nitrogen-containing ammonia subsequent to satisfaction of nutrient reductions of regulations, permits, or the Chesapeake Bay TMDL Watershed Implementation Plan. The bill also requires the Department of Environmental Quality (DEQ) to prepare a preliminary estimate of the amount and timing of Water Quality Improvement Grants required to fund projects to reduce loads of nitrogen-containing ammonia at certain levels based on an estimate of the anticipated range of costs for all publicly owned treatment works if the State Water Control Board were to adopt the 2013 Aquatic Life Ambient Water Quality Criteria for Ammonia published by the U.S. Environmental Protection Agency (EPA).

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary.

8. Fiscal Implications: It is anticipated that DEQ can absorb any expenses the department may incur in the preparation of a preliminary estimate and timeline of grant funding required to fund projects to reduce loads of nitrogen-containing ammonia, as well as the required report.

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

10. Technical Amendment Necessary: No.

11. Other Comments: 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.