Department of Planning and Budget
2021 Fiscal Impact Statement

1. **Bill Number:** SB1396

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Hashmi

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

4. **Title:** Sewage; Onsite Sewage Indemnification Fund; Wastewater Infrastructure Policy Working Group; report.

5. **Summary:** Authorizes the State Board of Health to use the Onsite Sewage Indemnification Fund to provide grants and loans to property owners with income at or below 200 percent of the federal poverty guidelines to repair failing onsite sewage systems or install onsite sewage systems on properties that lack adequate sewage disposal. The bill provides that no expenses shall be paid from the Fund to support the program for training and recognition of onsite soil evaluators, or to provide grants or loans to repair failing onsite sewage systems or install onsite sewage systems on properties that lack adequate sewage disposal in lieu of payment to any owner or owners qualified to receive payment from the Fund. The bill also directs the Board to adopt regulations that include consideration of the impacts of climate change on proposed treatment works.

   The bill sets out the policy of the Commonwealth regarding wastewater infrastructure and establishes the four-member Wastewater Infrastructure Policy Working Group as an advisory board in the executive branch of state government to continually assess wastewater infrastructure needs and develop policy recommendations. The bill provides that the Working Group shall expire in 2030. The bill also directs the Department of Environmental Quality, in partnership with the Virginia Department of Health and in consultation with stakeholders, to estimate and report every four years the amount of wastewater infrastructure funding that is necessary to meet policy goals but is not eligible to be covered by grant funding pursuant to the Virginia Water Quality Improvement Act of 1997.

6. **Budget Amendment Necessary**: No, funding was provided in the Governor's introduced budget in item 305 and item 373.

7. **Fiscal Impact Estimates:**

7a. Expenditure Impact:

Fiscal Year	*Dollars*	*Positions*	*Fund*
2021			
2022	$237,255	1	General
2023	$137,255	1	General
2024	$137,255	1	General

2025	$137,255	1	General
2026	$137,255	1	General
2027	$137,255	1	General

8. **Fiscal Implications:** This bill would have a fiscal impact on the Commonwealth, however, funding was already provided in the Governor's introduced budget for this effort, therefore no budget amendment is necessary.

   The provisions of the bill establish a Wastewater Infrastructure Policy Working Group consisting of appropriate government entities and stakeholders to support and advise the Administration and General Assembly regarding the Commonwealth's Wastewater Policy. The bill also directs Department of Environmental Quality (DEQ), in partnership with VDH, to estimate the amount of wastewater infrastructure funding necessary to implement the Commonwealth's Wastewater Policy every four years. In order to provide ongoing participation with the Wastewater Infrastructure Policy Working Group and to assist with the estimation of the Commonwealth's wastewater infrastructure needs, VDH would require one full time staff to serve as a Wastewater Infrastructure Manager. The Governor's proposed budget provides $137,255 in general fund appropriation for a one full time position to support hiring a Wastewater Infrastructure Manager in VDH's Office of Environmental Health Services.

   The bill also authorizes VDH to use the funds collected and deposited into the Onsite Sewage Indemnification Fund for loans and grants to assist qualifying homeowners with repairing or improving onsite sewage systems. The Wastewater Infrastructure Manager would assist with the Wastewater Infrastructure Policy Working Group, and is necessary to develop and implement this grant and loan fund. This position would be responsible for facilitating loans and grants associated with legislation, and for providing coordination to the Wastewater Infrastructure Policy Working Group's effort.

   Additionally, the bill authorizes VDH to include considerations for the impacts of climate change in the regulations for design and permitting of onsite sewage systems. VDH can absorb the costs resulting from the regulatory adoption process.

   Current efforts to solve wastewater infrastructure problems are severely hampered by the lack of adequate and timely data. The Wastewater Infrastructure Policy Working Group identified gaps in data as one of the greatest barriers to being able to fully quantify and address the extent of wastewater infrastructure needs throughout the Commonwealth. Over the last two years VDH has partnered with the Center for Coastal Resource Management at the Virginia Institute for Marine Science at the College of William and Mary (VIMS) to pioneer several methods for documenting straight pipes, failed onsite systems, and aging systems as well as mapping hot spots for septic problems. These mapping efforts were limited to Coastal Virginia as a pilot project. In order to meet the data needs of the Wastewater Infrastructure Policy Working Group identifying wastewater infrastructure needs, those mapping efforts need expansion statewide.

VIMS was provided $40,000 in grant funding from DEQ, as pass-through funding from VDH, for a pilot hot spot map and interactive mapping tool. VIMS reports they will require $100,000 to expand these mapping tools statewide. The Governor's introduced budget provides $100,000 from the Virginia Water Quality Improvement Fund to be transferred to the Department of Health to conduct analysis on statewide septic hot spots and map communities with failing or failed onsite wastewater treatment. This funding will pass through to VIMS to cover anticipated costs related to completion of the hot spot map and interactive mapping tool.

Therefore, all identified costs associated with the legislation are provided for in the Governor's budget.

9. **Specific Agency or Political Subdivisions Affected:** The Virginia Department of Health and the Department of Environmental Quality.

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

11. **Other Comments:** None.