

Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** SB1210

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

2. **Patron:** Petersen

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

4. **Title:** Environmental permit fees.

5. **Summary:** Directs the Virginia Waste Management Board to adopt regulations to collect from any person operating certain facilities permitted for the disposal, storage, or treatment of nonhazardous solid waste such annual fees as are necessary to provide funding for the total direct costs of the nonhazardous solid waste management program when aggregated and combined with other existing fees. The bill also directs the State Water Control Board to adopt regulations specifying permit maintenance fees that each permitted facility shall pay to the Board for certain water quality or withdrawal permits. The bill requires the fee amounts to be set at an amount that is necessary to collect no less than 40 percent and no greater than 50 percent of the direct costs required for the administration, compliance, and enforcement of such permits. The bill contains enactment clauses that (i) direct the relevant Boards to adopt such regulations by January 1, 2022, and (ii) provide for the expiration of existing provisions for similar permit fees contingent upon the adoption of such regulations.

6. **Budget Amendment Necessary:** See item 8, below.

7. **Fiscal Impact Estimates:** Preliminary. See item 8.

8. **Fiscal Implications:** It is anticipated that the Department of Environmental Quality will begin collecting the additional nongeneral fund revenue from the fees provided for in this bill beginning in FY 2023. At that point, DEQ will need additional nongeneral fund appropriation to spend the additional revenue.

The revenue and expenditure impact resulting from this bill are preliminary. Both depend on variables such as the timeframe in which such regulations are to be adopted, direct program costs at adoption, and, in some cases, the point within the allowed range at which fees are eventually set. The estimates depicted in this preliminary fiscal impact statement are based on the current operating costs of the affected programs and the revenue currently collected from existing fees supporting these programs and provide an order of magnitude. Additionally, enactment clauses in the bill prohibit the reduction of general fund appropriation supporting

the affected programs until such time as the nongeneral fund revenue collected as a result of the provisions of the bill are sufficient to cover the proportional direct program costs.

This bill requires that the Waste Management Board adjust fees to provide funding for the total direct costs of the nonhazardous solid waste management program. These fees are deposited into the Virginia Waste Management Board Permit Program Fund. Current ongoing direct costs in this program total \$6.42 million annually. In fiscal year 2020, permit fees totaled \$2.68 million, or approximately 42 percent of ongoing direct costs. To meet the requirements in this bill, fees will need to be increased for an approximate cumulative impact of \$3.74 million, and the agency's nongeneral fund appropriation will need to be increased accordingly. As required in the bill, fees are to be adjusted annually on the basis of the United States Average Consumer Price Index for all items, all urban consumers (CPI-U) as published by the Bureau of Labor Statistics of the U.S. Department of Labor. Over the last five years, this CPI-U has increased at an average annual compounded rate of 1.948 percent.

Additionally, this bill requires that the State Water Control Board adopt regulations setting maintenance fees at sufficient amounts for certain permitting programs to collect between 40 percent and 50 percent of direct costs. Impacted permits include Virginia Water Protection Individual-minimum instream flow permits, Virginia Water Protection Individual-reservoir permits, Ground Water Withdrawal permits, and Surface Water Withdrawal permits. These fees are deposited into the State Water Control Board Permit Program Fund. According to DEQ, current direct costs of these programs total \$3.0 million. Based on the most recent available data (fiscal year 2019), permit fees paid on these water programs were approximately \$215,000, or under eight percent of ongoing direct costs. The amount needed for annual maintenance fees to collect no less than 40 percent of the direct costs is approximately \$985,000. In order to expend revenue collected from this fee the agency will need a nongeneral fund appropriation increase.

It is anticipated the Department of Environmental Quality (DEQ) can absorb the workload associated with developing the regulations establishing or amending fees required by this bill.

This bill is expected to have an indeterminate expenditure impact on state agencies that are permitted under the affected programs, such as the Department of Conservation and Recreation, the Department of Corrections, the Department of Veterans Services, the Department of Wildlife Resources, the Virginia Institute of Marine Science, and institutions of higher education.

9. Specific Agency or Political Subdivisions Affected: Department of Environmental Quality; Waste Management Board; State Water Control Board; state agencies and localities that require permits from the impacted programs.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

