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HOUSE BILL NO. 2170

Offered January 13, 2025

Prefiled January 7, 2025

A BILL to amend and reenact §§ 10.1-2127.1, 10.1-2128, and 10.1-2128.1 of the Code of Virginia, relating to Virginia Water Quality Improvement Fund; Virginia Natural Resources Commitment Fund; work group.

Patron—Bloxom

Referred to Committee on Agriculture, Chesapeake and Natural Resources

Be it enacted by the General Assembly of Virginia:

1. That §§ 10.1-2127.1, 10.1-2128, and 10.1-2128.1 of the Code of Virginia are amended and reenacted as follows:

§ 10.1-2127.1. Definitions.

As used in this article, unless the context requires a different meaning:

"Fund" means the Virginia Water Quality Improvement Fund established by § 10.1-2128.

"Reserve fund" means the subfund of the Fund established in subsection C of § 10.1-2128.

§ 10.1-2128. Virginia Water Quality Improvement Fund established; purposes.

A. There is hereby established in the state treasury a special permanent, nonreverting fund, to be known as the "Virginia Water Quality Improvement Fund." The Fund shall be established on the books of the Comptroller. The Fund shall consist of sums appropriated to it by the General Assembly which shall include, unless otherwise provided in the general appropriation act, 10 percent of the annual general fund revenue collections that are in excess of the official estimates in the general appropriation act and 10 percent of any unrestricted and uncommitted general fund balance at the close of each fiscal year whose reappropriation is not required in the general appropriation act. The Fund shall also consist of such other sums as may be made available to it from any other source, public or private, and shall include any penalties or damages collected under this article, federal grants solicited and received for the specific purposes of the Fund, and all interest and income from investment of the Fund. Any sums remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. All moneys designated for the Fund shall be paid into the state treasury and credited to the Fund. Moneys in the Fund shall be used solely for Water Quality Improvement Grants. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon the written request of the Director of the Department of Environmental Quality or the Director of the Department of Conservation and Recreation as provided in this chapter.

B. Except as otherwise provided under this article, the purpose of the Fund is to provide Water Quality Improvement Grants to local governments, soil and water conservation districts, state agencies, institutions of higher education and individuals for point and nonpoint source pollution prevention, reduction and control programs and efforts undertaken in accordance with the provisions of this chapter. The Fund shall not be used for agency operating expenses or for purposes of replacing or otherwise reducing any general, nongeneral, or special funds allocated or appropriated to any state agency; however, nothing in this section shall be construed to prevent the award of a Water Quality Improvement Grant to a local government in connection with point or nonpoint pollution prevention, reduction and control programs or efforts undertaken on land owned by the Commonwealth and leased to the local government. In keeping with the purpose for which the Fund is created, it shall be the policy of the General Assembly to provide annually its share of financial support to qualifying applicants for grants in order to fulfill the Commonwealth's responsibilities under Article XI of the Constitution of Virginia.

C. For the purposes of ongoing funding, the Director of the Department of Conservation and Recreation shall establish a reserve fund within the Fund to support the purposes established under this article when year-end general fund surpluses are unavailable. Fifteen percent of any amounts appropriated to the Fund due to annual general fund revenue collections in excess of the official estimates contained in the general appropriation act shall be withheld from appropriation and held in the reserve fund unless otherwise specified. When annual general fund revenue collections do not exceed the official revenue estimates contained in the general appropriation act, the reserve fund may be used for the purposes provided under this article with a priority of funding the needs established pursuant to subsection C of § 10.1-2128.1.

D. For the fiscal year beginning July 1, 2005, \$50 million shall be appropriated from the general fund and deposited into the Fund. Except as otherwise provided under this article, such appropriation and any amounts appropriated to the Fund in subsequent years in addition to any amounts deposited to the Fund pursuant to the provisions of subsection A shall be used solely to finance the costs of design and installation of nutrient removal technology at publicly owned treatment works designated as significant dischargers or eligible

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59 nonsignificant dischargers for compliance with the effluent limitations for total nitrogen and total phosphorus
60 of the Chesapeake Bay TMDL Watershed Implementation Plan or applicable regulatory or permit
61 requirements. Notwithstanding the provisions of this section, the Governor and General Assembly may, at
62 any time, provide additional funding for nonpoint source pollution reduction activities through the Fund in
63 excess of the deposit required under subsection A.

64 At such time as grant agreements specified in § 10.1-2130 have been signed by every significant
65 discharger and eligible nonsignificant discharger and available funds are sufficient to implement the
66 provisions of such grant agreements, the House Committee on Agriculture, Chesapeake and Natural
67 Resources, the House Committee on Appropriations, the Senate Committee on Agriculture, Conservation and
68 Natural Resources, and the Senate Committee on Finance and Appropriations shall review the financial
69 assistance provided under this section and determine (i) whether such deposits should continue to be made,
70 (ii) the size of the deposit to be made, (iii) the programs and activities that should be financed by such
71 deposits in the future, and (iv) whether the provisions of this section should be extended.

72 **§ 10.1-2128.1. Virginia Natural Resources Commitment Fund established.**

73 A. There is hereby created in the state treasury a special nonreverting fund to be known as the Virginia
74 Natural Resources Commitment Fund hereafter referred to as "the Subfund," which shall be a subfund of the
75 Virginia Water Quality Improvement Fund and administered by the Department of Conservation and
76 Recreation. The Subfund shall be established on the books of the Comptroller. All amounts appropriated and
77 such other funds as may be made available to the Subfund from any other source, public or private, shall be
78 paid into the state treasury and credited to the Subfund. Interest earned on moneys in the Subfund shall
79 remain in the Subfund and be credited to it. Any moneys remaining in the Subfund, including interest
80 thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Subfund.
81 Moneys in the Subfund shall be used as provided in subsection B solely for the Virginia Agricultural Best
82 Management Practices Cost-Share Program administered by the Department of Conservation and Recreation.

83 B. Beginning on July 1, 2008, and continuing in each subsequent fiscal year until July 1, 2018, out of such
84 amounts as may be appropriated and deposited to the Subfund, distributions shall be made in each fiscal year
85 for the following purposes:

86 1. Eight percent of the total amount distributed to the Virginia Agricultural Best Management Practices
87 Cost-Share Program shall be distributed to soil and water conservation districts to provide technical
88 assistance for the implementation of such agricultural best management practices. Each soil and water
89 conservation district in the Commonwealth shall receive a share according to a method employed by the
90 Director of the Department of Conservation and Recreation in consultation with the Virginia Soil and Water
91 Conservation Board, that accounts for the percentage of the available agricultural best management practices
92 funding that will be received by the district from the Subfund;

93 2. Fifty-five percent of the total amount distributed to the Virginia Agricultural Best Management
94 Practices Cost-Share Program shall be used for matching grants for agricultural best management practices
95 on lands in the Commonwealth exclusively or partly within the Chesapeake Bay watershed; and

96 3. Thirty-seven percent of the total amount distributed to the Virginia Agricultural Best Management
97 Practices Cost-Share Program shall be used for matching grants for agricultural best management practices
98 on lands in the Commonwealth exclusively outside of the Chesapeake Bay watershed.

99 *In any fiscal year, any funds distributed to the Virginia Agricultural Best Management Practices
100 Cost-Share Program for the purpose of matching grants for agricultural best management practices on lands
101 in the Commonwealth that cannot be obligated or are not used due to a canceled contract by a grant
102 recipient during such fiscal year, regardless of whether such lands are within or outside of the Chesapeake
103 Bay watershed, may be reappropriated by the Virginia Soil and Water Conservation Board to any soil and
104 water conservation district with pending contracts.*

105 C. The Department of Conservation and Recreation, in consultation with stakeholders, including
106 representatives of the agricultural community, the conservation community, and the Soil and Water
107 Conservation Districts, shall determine an annual funding amount for effective Soil and Water Conservation
108 District technical assistance and implementation of agricultural best management practices pursuant to §
109 10.1-546.1. Pursuant to § 2.2-1504, the Department shall provide to the Governor the annual funding amount
110 needed for each year of the ensuing biennial period. The Department shall include the annual funding amount
111 as part of the reporting requirements in § 62.1-44.118.

112 **2. That the Secretary of Natural and Historic Resources shall convene a work group to study the**
113 **Virginia Natural Resources Commitment Fund, including technical assistance funding and the division**
114 **of funding between the Chesapeake Bay and Southern Rivers watersheds, and develop a plan to more**
115 **equitably distribute the Virginia Agricultural Best Management Practices Cost-Share Program funds**
116 **to achieve all of the Commonwealth's water quality goals. The work group shall consist of**
117 **representatives from the Department of Conservation and Recreation, Virginia Association of Soil and**
118 **Water Conservation Districts, Virginia Farm Bureau Federation, Virginia Agribusiness Council,**
119 **Virginia Cattlemen's Association, Chesapeake Bay Commission, and Chesapeake Bay Foundation and**

120 any other relevant stakeholders the Secretary of Natural and Historic Resources deems appropriate.
121 The Secretary of Natural and Historic Resources shall report the work group's findings and
122 recommendations to the Chairmen of the House Committees on Appropriations and Agriculture,
123 Chesapeake and Natural Resources and the Senate Committees on Finance and Appropriations and
124 Agriculture, Conservation and Natural Resources by November 1, 2026.

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