Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

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Bill Number: HB2247 **Patron:** Runion
Bill Title: Virginia Water Quality Improvement Fund; Director of Department of Environmental Quality; point source pollution grant agreements.

Bill Summary: Clarifies that the Director of the Department of Environmental Quality is only required to enter into water quality improvement grant agreements with all facilities designated as significant dischargers or eligible nonsignificant dischargers that apply for such grants if sufficient and unobligated funds are available in the Virginia Water Quality Improvement Fund at the time the Director enters into such grant agreements.

Budget Amendment Necessary: **No.** **Items Impacted:** **N/A**

Explanation: This bill involves the Department of Environmental Quality (DEQ); however, no budget action is required. See Fiscal Analysis section, below.

Fiscal Summary: It is anticipated that any costs DEQ may incur can be absorbed within existing resources. Indeterminate cost efficiencies are anticipated for localities.

Fiscal Analysis: This impact statement is preliminary. It is anticipated that the Department of Environmental Quality can absorb any costs associated with the implementation of this bill.

The Code requires that DEQ enters into grant agreements for WQIF with all applicants, and also requires that such agreements are written as conditional on the availability of funds. Since any grant agreements are subject to the availability of funds, they do not actually create a legal obligation.

DEQ indicates that localities not subject to the Enhanced Nutrient Removal Certainty (ENRC) program may choose not to incur infrastructure costs if reimbursement timelines are uncertain resulting in indeterminate cost efficiencies at the local level. Project planning costs and other components may be obsolete by the time funding becomes available. Although DEQ prioritizes disadvantaged localities, localities that have funds to temporarily cover costs have more flexibility to enter into an agreement.

It is anticipated that this bill may result in indeterminate cost efficiencies to localities, as any WQIF agreements would be tied to a tangible funding schedule. The majority of the costs for nutrient reduction grants are under the ENRC program, which requires completion of specific projects.

Other: None.