

Fiscal Analysis: This fiscal impact estimate is preliminary, with an anticipated general fund expenditure impact. The fiscal impact statement will be updated as additional information is received.

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The agency's Habitat Management Division is responsible for handling permit applications for dredging projects. The Division issues three environmental permits: subaqueous or bottomlands, tidal wetlands, and coastal primary sand dunes. This permit process utilizes a Joint Permit Application (JPA), which is a single joint local, state, and federal permit application. This application is used to request all approvals for proposed impacts from activities including dredging.

This bill requires MRC to develop guidance documents on the beneficial use of dredged material for Commission adoption and approval, as well as implement this guidance when reviewing proposed dredge projects, which will increase overall permitting process times. According to MRC, more complex engineering and design work is necessary to locate beneficial sites for disposal of dredged material than sites that have been historically utilized. Therefore, the resulting dredging applications will require more staff time to review. Pre-application meetings would also be required to facilitate the identification of permissible or prioritized projects. MRC states that dredge project applications may also increase due to the identification of dredge material as a valuable source of material to foster coastal resilience.

According to MRC, the agency would not be able to absorb this anticipated increase in workload with current staffing levels due to recent increases in the Commission's other permitting activities. MRC states that since 2013, the submittal of JPAs has increased approximately 52 percent. In 2020, MRC received 2,348 applications, compared to 2,690 in 2025 with a combined project cost totaling approximately \$14.1 billion. Additionally, the Virginia Wetlands Act of 1972 authorized localities to adopt local ordinances, outlined in § 28.2-1302, Code of Virginia, to establish local wetlands boards. Five localities in the Middle Peninsula and South Hampton Roads regions have terminated their respective wetland boards and rescinded the associated model wetlands ordinance since 2021, requiring MRC to assume the role of the local wetland boards and Division staff to absorb the corresponding workload.

The Division currently has eight Environmental Specialist I positions responsible for reviewing JPAs, including those related to dredge projects, with each staff member reviewing approximately 336 applications in 2025. This staffing level has remained unchanged since 2005.

The agency anticipates needing an additional Environmental Specialist I position to meet the increase in workload of reviewing and processing JPAs. The Commission anticipates receiving between 15 and 25 new project applications as a result of this bill. According to the agency, these project applications would require a longer and more extensive review process. A beneficial use dredge permit application typically requires internal discussions with the Deputy Chief, Chief of Habitat, and Commissioner of MRC, a public hearing with the full Commission during monthly meetings, and meetings with local wetlands boards and representatives from the Virginia Institute of Marine Science. The agency states that it may take six months to a year to reach a permit decision on a beneficial use dredge project, whereas other applications, such as for private piers, only require review by an Environmental Specialist and can be processed in 30 to 45 days.

According to MRC, without this position, the additional workload the Commission anticipates as a result of the provisions of this bill may result in delays in wetland board actions and the processing of permits, which could result in a delay in construction initiation and project completion. This position would be responsible for

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evaluating, inspecting, and recommending permitting actions for projects in State waters, wetlands, and coastal primary sand dunes. This position would also perform regulatory program management functions, field inspections, records management, and advisory activities to local wetlands boards and government officials.

The total cost of this position would be \$109,448, including salary, benefits, and non-personnel expenses. This amount has been reduced by half in FY 2028 to reflect the start date of December 1, 2027, for the state policy on the beneficial use of dredged material.

The table below reflects MRC's estimate of the general fund annual cost of this position.

Expense	GF Impact
Salary	\$60,000
Fringe Benefits	\$41,130
Vehicle (Pool Car and Pool Car Gas)	\$6,480
Technology Equipment	\$1,838
<i>Total</i>	<i>\$109,448</i>

Other: Applicants pursuing dredge projects include residential property owners, commercial entities, local governments, and military and federal authorities. Additional costs may result from beneficial use alternatives and may increase applicants' overall cost of dredging. These potential costs are indeterminate and project-specific.