

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB1011E **Patron:** Tran
Bill Title: Compost and other products containing organic soil amendments infrastructure; Department of Environmental Quality tax policy options for reforming the litter tax study expanded; civil penalty.

Bill Summary: Authorizes localities to adopt ordinances requiring certain generators of large quantities of organic waste to separate and divert such waste from disposal, establishes graduated civil penalties for violations with proceeds retained by the locality, and allows waivers for undue hardship. The bill expresses the intent of the General Assembly that new public school construction and certain renovations include waste disposal infrastructure that accommodates separation of organic waste, recyclables, and trash. The bill also expands the scope of the Department of Environmental Quality's litter tax reform study to include analysis of composting capacity, school composting challenges, residential composting incentives, and the impacts of PFAS in compost, with findings to be reported by the first day of the 2027 Regular Session.

Budget Amendment Necessary: Yes **Items Impacted:** 367
Explanation: This bill involves DEQ, local school divisions, and localities. A general fund budget amendment is required to implement the provisions of this bill.

Fiscal Summary: It is anticipated that DEQ will require additional general fund appropriation of \$200,000 to \$400,000 under Item 367, HB30/SB30, to implement this bill.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DEQ (440)		\$200,000 to \$400,000				
TOTAL		\$200,000 to \$400,000				

Fiscal Analysis: This estimate is preliminary. The bill expands the scope of the litter tax reform study required pursuant to House Joint Resolution 448 by directing DEQ to examine additional composting-related issues, including options to expand state composting capacity and permitted facilities, identification of school composting challenges and potential solutions, incentives for curbside residential composting, and the impacts of PFAS in compost. These requirements add new subject matter and technical complexity beyond the original study charge.

DEQ estimates that compliance with the expanded requirements would cost between \$200,000 to \$400,000. This estimate is based on DEQ's experience with similar statewide policy studies and on prior feedback

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received from the Litter Tax Study Group indicating that contractor research and analysis of Virginia's recycling streams could cost between \$300,000 and \$400,000. DEQ indicates that a consultant would be needed to perform the additional composting and PFAS analysis. Previously, the agency absorbed the costs of the original House Joint Resolution 448 study with existing resources. DEQ indicates it cannot absorb the additional costs associated with the expanded study requirements in this bill.

Any impact to local school divisions to develop waste disposal infrastructure in response to a requirement from a locality or as part of a new building or renovation of existing facilities is indeterminate.

Other: None.