

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

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ORIGINAL

Bill Number: SB386H1 **Patron:** Stuart
Bill Title: Sewage sludge; perfluoroalkyl and polyfluoroalkyl substances testing requirements.

Bill Summary: Requires owners of sewage treatment works to conduct testing for perfluoroalkyl and polyfluoroalkyl substances (PFAS) in finished sewage sludge beginning January 1, 2027; establishes concentration-based land application restrictions for perfluorooctane sulfonate and perfluorooctanoic acid; mandates reporting of PFAS test results to the Department of Environmental Quality (DEQ) and affected landowners; and requires alternative treatment, use, or disposal when specified thresholds are exceeded. The bill directs DEQ to modify affected Virginia Pollution Abatement and Virginia Pollutant Discharge Elimination System permits, convene a PFAS work group to develop recommendations regarding sampling, remediation, and related policies, publish a recommended reporting format, and submit a report to the Governor and the Chairs of the Senate Committee on Agriculture, Conservation and Natural Resources and the House Committee on Agriculture, Chesapeake and Natural Resources. The bill becomes effective January 1, 2027.

Budget Amendment Necessary: Yes **Items Impacted:** 365 HB30
Explanation: This bill involves DEQ. A general fund budget amendment is required to implement the provisions of the bill.

Fiscal Summary: It is anticipated that DEQ will require additional general fund appropriation of \$625,000 and five positions annually under Item 365, 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)		\$625,000	\$625,000	\$625,000	\$625,000	\$625,000
TOTAL		\$625,000	\$625,000	\$625,000	\$625,000	\$625,000

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
DEQ (440)		5	5	5	5	5
TOTAL		5	5	5	5	5

Fiscal Analysis: This fiscal impact is preliminary . It is anticipated that this bill will have a general fund expenditure impact on DEQ. The agency has identified a need for up to five new positions at \$125,000 per position, totaling up to \$625,000 annually. These positions include one data analyst, one waste-specific technical reviewer, and up to three compliance coordinators. The work group requirement included in the bill can be absorbed within existing resources.

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The bill creates new PFAS sampling and reporting requirements on sewage treatment works and establishes concentration-based land application restrictions that require agency review and enforcement. DEQ is required to modify existing Virginia Pollution Abatement and Virginia Pollutant Discharge Elimination System permits to incorporate the new requirements. In addition, the bill establishes an ongoing obligation for DEQ to receive, review, and assess recurring laboratory data submissions; determine compliance; evaluate alternative management approaches where applicable; and oversee implementation of land application restrictions. These analytical and compliance functions are new to the program.

DEQ anticipates that implementation would require one data analyst to manage and evaluate recurring PFAS laboratory results and associated compliance calculations, one waste-specific technical reviewer to assess technical determinations and site-specific compliance issues, and up to three compliance coordinators to monitor permit holder implementation, oversee field compliance, and manage enforcement actions as necessary. The estimate reflects workload changes associated with oversight of approximately 60 wastewater treatment plants generating 115,000 tons of sewage sludge applied across 38,000 acres.

The bill also requires DEQ to convene a PFAS work group, publish a recommended reporting format, and submit a report to the Governor and specified legislative committee chairs. DEQ has indicated that these work group and reporting requirements can be absorbed within existing resources and do not require additional staffing.

The Sludge Management Fund supports administration of the existing sewage sludge program through permit fees and per-ton land application fees authorized under current law. The bill does not create new fee authority. Certain activities, such as permit modifications and routine oversight, may allow for an indeterminate degree of cost recovery under existing fee structures. However, the bill establishes ongoing PFAS-specific data analysis, technical review, and compliance monitoring functions that are not directly tied to an existing fee trigger. As structured, the long-term staffing requirements created by the bill are not fully fee recoverable. Fund balances have declined over the past three fiscal years and are projected to continue declining as generators complete sewage treatment improvements that reduce land application volumes and associated per-ton fee collections. While existing fees may provide limited offsetting revenue, they do not constitute a sufficient funding mechanism to sustain the additional positions required to implement the bill's new PFAS responsibilities.

Other: This bill is a companion to HB1443S1.