

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB524

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Laufer

3. **Committee:** Agriculture, Chesapeake and Natural Resources

4. **Title:** Permit applications for natural gas pipelines; State Water Control Law.

5. **Summary:** Requires applicants for federal licenses or permits for natural gas transmission pipelines with an inside diameter of at least 24 inches to submit a separate application, erosion and sediment control plan, and stormwater management plan to the Department of Environmental Quality concurrently with a Joint Permit Application. Current law requires such application standards for pipelines with an inside diameter of greater than 36 inches. The provisions of the bill apply to any natural gas transmission pipeline project greater of at least 24 inches in inside diameter that is subject to a certificate of public convenience and necessity under the federal Natural Gas Act and that has not commenced construction by July 1, 2024, notwithstanding any previous certification previously issued or waived by the Department of Environmental Quality or the State Water Control Board.

6. **Budget Amendment Necessary:** No.

7. **Fiscal Impact Estimates:** Indeterminate. See item 8.

8. **Fiscal Implications:** It is anticipated that any expenditure or revenue impact on the Department of Environmental Quality (DEQ) as a result of this bill cannot be determined, as it depends on the number of permits that need to be completed. DEQ is allowed to charge permit fees to recover costs of work related to the required certifications. DEQ is aware of three projects that may fall within the revised threshold for certification. Based on experience with one previous evaluation, DEQ anticipates costs per project to total approximately \$600,000, with variation depending on the complexity and size of each project. Costs include staff time, contract work, and public meeting implementation.

The agency indicates that an additional project management position, at \$130,000 from the general fund, may help DEQ to complete the work in a timelier manner. DEQ was able to absorb the management work of one complex certification in the past. However, an increase in workload tied to the reduction in the diameter threshold may bring an increase in administrative workload that is not absorbable.

Water protection permitting fees are deposited into the Stormwater Management Fund, which, on average in the last five years, has maintained an annual balance of \$6.4 million. The Fund also receives \$1.1 million from the general fund each year.

9. Specific Agency or Political Subdivisions Affected: Department of Environmental Quality.

10. Technical Amendment Necessary: No.

11. Other Comments: None.