



Summary of the Report of the Governor's Commission on Natural Resources Funding

Presentation to the HJR 640
Committee

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Background

- Commission formed following the Governor's Natural Resources Summit in Williamsburg in April 2003
- Responded to findings at the summit that funding was the most critical need facing Virginia's natural resource agencies
- Made report to Governor Warner on October 9, 2003

Commission Findings

- In FY 2004, less than 1% of total state appropriations devoted to natural resource agencies; 0.6% of general funds. This level of funding insufficient to meet natural resource needs
- Additional funding will result in measurable environmental improvements and positive economic activity.
- Need to address both General Fund and Non General Fund solutions
- Focus on Water Quality and Land Conservation

Recommendations: General Fund

- No further reductions in agency budgets
- General Fund support must increase
- Restoration of \$22 million in FY 2005
- Additional \$27 million for FY 2006
- Natural resources funding as part of Virginia's "Roadmap" for the future
- Dept of Forestry should also be considered a "natural resources" agency

Non-General Fund Recommendations

- Commission recognized that in the near term, existing General Funds were likely to be insufficient and therefore examine NGF sources.
- Commission established criteria to guide selection of NGF options including:
 1. **nexus between source of funds and resource**
 2. **ease of collection**
 3. **breadth of applicability**
 4. **amount of revenue**
 5. **ease of understanding;**
 6. **feasibility**

**Commission
“Consensus”
Recommendations**

Water Utility Fee \$2.00 per month'

Expected Revenue: \$46 million annually

Document Recording Fee \$10 per document
Expected Revenue: \$20 million annually

Revenue to be deposited in the proposed
Virginia Natural and Historic Resources Fund

Other Fees Considered (without full consensus)

<u>Type of Fee</u>	<u>Amount</u>	<u>Annual Revenue</u>
Solid Waste Tipping	\$3 per ton	\$36 million
Petroleum	\$0.006 per gallon	\$36 million
Electric Utility	\$2 per month	\$75.2 million

Other Fees/Taxes/Surcharges researched (based on other states)

- Sewer Access Fee
- Wastewater Discharge Fee
- Increase Recordation tax
- Gas Tax
- Fertilizer Fee (bulk and household)
- Biosolids disposal fee
- Cell phone surcharge
- DMV registration fee surcharge

Other NGF Recommendations

- Support establishment of Virginia Natural and Historic Resources Fund to receive proceeds of Water Utility and Document Recording Fees
- Allocate funds between Water Quality Improvement Fund and Virginia Land Conservation Foundation

Actions Taken – 2004 G.A. Session

- Governor proposed legislation to create Virginia Natural and Historic Resources fund in 2004 session (HB 693 – Morgan). Left in Appropriations Committee
- Document Fee placed in Budget Bill and directed to the General Fund

Virginia's "Clean Water" Cost

- Planning level "state costs" (subset of total cost) based on existing programs and practice
- Presumes Tributary Strategies by 2010, no time limit on Southern Rivers TMDLs
- Less confidence on Southern Rivers number: will be refined as TMDL plans are developed
- Policy, budgeting, and actual construction and implementation actions will ultimately determine true "costs"

Virginia's "Clean Water" Cost

<u>Actions</u>	<u>State Cost (2005-2010)</u>
CHESAPEAKE BAY AND TRIBUTARIES	
Upgrade Treatment Plants	\$500 MILLION
Cost Share Agricultural Best Management Practices (BMPs)	\$580 MILLION
Implement BMPs on non-agricultural lands	\$660 MILLION
VIRGINIA'S "SOUTHERN RIVERS" (OUTSIDE THE BAY WATERSHED)	
Implement BMPs for stream and river clean-up plans ("TMDLs")	\$600 MILLION (not 2010)
TOTAL STATE COST	\$2.34 BILLION

Total Tributary Strategy Costs and Nutrient Reductions by Source Category

Source Category	Total Capital Cost [\$ Millions]	O&M Cost [\$ Millions/yr]	Total Nitrogen Reduction [Million lbs/yr]	Total Phosphorus Reduction [Million lbs/yr]
Agriculture	740	45	13.9	2.03
Urban	5,874	528	4.2	0.81
Mixed Open	323	7	1.5	0.35
Septic	74	0	0.06	0
Forest	2	0	0.003	0.0
Point Source	1,099	42	8.9	0.87
Total	9,997	622	28.6	4.07

- NOTE:**
1. Nonpoint source costs do not include technical assistance, outreach, and administration costs – amount to ~ 10% to 20% of capital cost
 2. Point source figures are planning level, order-of-magnitude cost opinions, accurate from -30% to +50%