

Joint Subcommittee to Study Options to Provide a Long-term Funding Source to Clean up Virginia's Polluted Waters, Including the Chesapeake Bay and its Tributaries (HJR 640 - 2005)

November 14, 2005

The Joint Subcommittee to Study Options to Provide a Long-term Funding Source to Clean up Virginia's Polluted Waters, Including the Chesapeake Bay and its Tributaries (HJR 640 - 2005) held its final meeting on November 14, 2005.

The first part of the meeting was a public hearing. The following citizens spoke during the public hearing: James G. Byrne, Wilmer N. Stoneman, III, Katie Kyger Frazier, Charles Horn, Anne Jennings, John Tippet, Mathew Logan, Hobey Bauhan, Jim Finn, Colby Trow, Jeannette McKittrick, Bill Street, Mike Toalson, Chris Pomeroy, and Denise Thompson.

The public hearing was followed by a work session of the joint subcommittee. Each member of the joint subcommittee supported additional funding for cleanup of Virginia's waters.

Delegate Lingamfelter stated that leveraging low-interest loans could be one element of a financing plan for the cleanup of Virginia's waters. He also stated that cleanup of nonpoint sources of pollution is like a capital construction project because the cleanup of nonpoint sources of pollution will help bring back certain industries to the Commonwealth.

Delegate Cox stated that cleanup of Virginia's waters is a core responsibility of government that is rooted in the Constitution of Virginia. He indicated that cleanup of Virginia's waters should be paid from existing general fund revenues and that the Commonwealth must provide additional funds to clean up Virginia's waters.

Delegate Parrish stated that all Virginians should share in the responsibility for cleanup of Virginia's waters and that any funding proposal should reflect this principle.

Secretary Bloxom mentioned two potential sources of revenue for cleanup of Virginia's waters. The Commonwealth could dedicate excess recordation tax revenues for cleanup purposes. In addition, the Commonwealth could impose a tax on certain capital gains realized from the sale of real estate. The tax could be imposed on a sliding scale depending on the holding period for the real estate and the amount of gain.

Secretary Murphy stated that his first preference for funding cleanup of Virginia's waters would be to use existing general fund revenues, to the extent feasible.

He stated, however, that a new fee on electric utility use may also be needed in order to provide a long-term funding source that will generate sufficient and predictable revenues for cleanup of Virginia's waters. The Governor's Natural Resources Funding Commission (2003) estimated that a \$1 per month electric utility fee would generate approximately \$37.6 million on an annual basis.

Senator Hawkins stated that existing general fund revenues are not a reliable source of funding for cleanup of Virginia's waters because of the ebb and flow of the economy. He suggested that in economic downturns there will be little funding available for water cleanup. He stated that the source of funding for cleanup should be a new, broad-based charge that is imposed fairly on all citizens of the Commonwealth. Senator Hawkins expressed concern with issuing additional debt for cleanup purposes without establishing a new, dedicated charge for payment of the debt service.

Senator Chichester stated that the Commonwealth cannot rely upon a volatile source of revenue for cleanup of Virginia's waters. He believed that existing general fund revenues were unreliable. He feared that in a tight economy cleanup of Virginia's waters could be a priority that would not be funded. He also expressed concern with issuing debt for nonpoint sources of pollution where the debt financing did not result in a long-term capital asset. He noted that Virginia's debt capacity is finite; therefore, new charges or other sources of new revenue would be needed to pay for cleanup of Virginia's waters.

Delegate Callahan stated that new sources of revenue may be needed to pay for cleanup of Virginia's waters.

The joint subcommittee's Internet web page is at:

<http://dls.state.va.us/statewaters.htm>