Governor's Proposed Amendments
2006-2008 Appropriation Act
(HB 1650, As Adopted)

Amendment No. 1
Item 30.10 - Judicial Department
Salary Compensation for Workers Compensation Commissioners

General Assembly Action:  Provided an additional 4% salary increase effective November 25, 2007 for judges of the Supreme Court of Virginia, the Court of Appeals of Virginia, Circuit Courts, General District Courts, Juvenile and Domestic Relation Courts, and Combined District Courts. This increase, in addition to the 4% increase provided to all state employees, results in a total increase of 8% effective November 25, 2007. The language also authorizes the 8% salary adjustment for Commissioners of the State Corporation Commission whose salaries are funded with nongeneral funds.

Governor's Action (Technical):  The proposed amendment includes Commissioners of the Workers Compensation Commission in the group that receives the 8% salary increase, as opposed to the 4% increase. These positions are funded with nongeneral funds, similar to the Commissioners of the State Corporation Commission, and therefore the amendment has no general fund impact.

Notes:

- The Governor’s amendment increases the salary for the Chairman of the Workers Compensation Commission to $158,286.
- The Governor’s amendment increases the salary for the other two Commissioners of the Workers Compensation Commission to $155,034.
- Amendment 14 is a companion amendment changing the salaries shown in the Act under the Workers Compensation Commission.

Amendment No. 2
Item 59 - Financial Assistance to Sheriffs
Language - Implementation of Salary Supplements for Certain Sheriffs

General Assembly Action:  Added $9,000 in the second year from the general fund to provide a $1,000 salary supplement for those sheriffs serving more than one locality.
**Governor's Action (Technical):** The proposed amendment adds budget language to authorize the payment of the additional $1,000 in compensation to those sheriffs serving multiple jurisdictions and provides that the salaries of these sheriffs will be based upon the aggregate populations of the affected localities, which reflects current practice.

**Notes:**

- Nine sheriffs would receive the additional $1,000 in compensation for serving more than one jurisdiction.

- These sheriffs serve the combined jurisdictions of Alleghany County and the City of Covington, Bedford County and the City of Bedford, Fairfax County and the City of Fairfax, James City County and the City of Williamsburg, Prince William County and the Cities of Manassas and Manassas Park, Rockbridge County and the City of Lexington, Rockingham County and the City of Harrisonburg, Southampton County and the City of Franklin, and York County and the City of Poquoson.

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**Amendment No. 3**  
**Item 59 - Compensation Board**  
**Adjust Enhanced Retirement Language for Deputies and Jail Officers**

**General Assembly Action:** Included language stating the Governor shall include in his budget recommendations to the 2008 session of the General Assembly for FY 2008 funding for any additional cost incurred by the Compensation Board as a result of localities electing to provide enhanced retirement benefits to their deputy sheriffs and jail officers beginning in FY 2008. Chapter 819 of the 2007 Acts of the Assembly (SB 1166), requires localities to provide these enhanced retirement benefits to their deputy sheriffs no later than July 1, 2008, but they may exercise the existing option and provide benefits prior to July 1, 2008.

**Governor's Action (Technical):** The proposed amendment changes the language to give the Governor discretion to include the additional costs as budget recommendations to the 2008 General Assembly.

**Notes:**

- In FY 2008 the Compensation Board will reimburse localities for the cost of retirement contributions for Compensation Board covered positions the lesser of the localities VRS calculated contribution rate or 6.15%.
• If localities with contribution rates below 6.15%, currently not providing enhanced benefits to their sheriffs deputies and jail officers elect to begin providing these benefits in FY 2008, their calculated contribution rates will increase and the Compensation Board will require additional funding.

**Amendment No. 4**

**Item 77 - Department of Human Resource Management**

**Health Insurance Renewal Cost Reporting Date**

**General Assembly Action:** Adopted language requiring the Department of Human Resources Management to report the renewal cost of state employee health insurance premiums that will go into effect on July 1, 2008 to the Governor and the Chairmen of the House Appropriations Committee and Senate Finance Committee by October 1, 2007.

**Governor's Action (Technical):** The proposed amendment changes the deadline for the report from October 1, 2007 to October 15, 2007.

**Notes:**

- The adopted language, including the October 1, 2007 date, was proposed in the Governor’s introduced budget.
- The Department of Human Resource Management has requested the October 15 date in order to give the actuaries adequate time to analyze data as needed to update the premiums.

**Amendment No. 5**

**Item 302 - Department of Medical Assistance Services**

**Distribution of Pediatric Rate Increase**

**General Assembly Action:** Provided a 2 percent increase in Medicaid pediatric services, bringing the total rate increase to 10 percent effective July 1, 2007.

**Governor's Action (Technical):** The proposed amendment modifies the method for updating pediatric services rates to ensure that the 10 percent rate increase effective July 1, 2007 has the intended effect of raising rates for pediatric preventive services, as well as pediatric evaluation and management services. Annual updates to pediatric services rates, which occur when the federal Medicare program makes changes to its Resource-based Relative Value Scale (RBRVS) for medical procedures, would have resulted in a reduction in the rate paid for pediatric preventive
procedures even with a 10 percent rate increase in the overall rates. This language will ensure that this does not occur.

**Amendment No. 6**  
**Item 302 - Department of Medical Assistance Services**  
**Emergency Regulatory Authority for "Money Follows the Person" Grant**

**General Assembly Action:** Included language providing the department with authority to seek federal approval for necessary changes to home- and community-based waivers should Virginia be awarded a federal “Money Follows the Person” demonstration grant. The grant would provide federal Medicaid funding at a higher match rate, three to one instead of a dollar for dollar match, as an incentive to build the needed community infrastructure to transition individuals from nursing homes, intermediate care facilities, and long-stay hospitals into the community.

**Governor’s Action (Technical):** The proposed amendment adds language providing the department with emergency regulatory authority needed to make changes to waiver programs if a demonstration grant is awarded to Virginia.

**Amendment No. 7**  
**Item 341 - Department of Social Services**  
**Extend Timeframe for Child Care Programs to Meet Training Requirements**

**General Assembly Action:** Added language requiring the Commissioner of Social Services to ensure that medication administration training required by the standards for licensed day care centers is completed by June 1, 2007, but states that licensed day care centers may apply to the Commissioner for a good cause extension to comply with training requirements in the event that such training is not complete or day care centers have not received training.

**Governor’s Action (Technical):** The proposed amendment replaces the adopted budget language to extend the deadline for regulated child day care programs to meet the medication administration from June 1, 2007 to January 1, 2008. Language also states that regulated day care programs may apply for a good cause extension, not to exceed 90 days, to comply with training requirements. It also corrects the terminology used to refer to affected providers as regulated child day programs.
Amendment No. 8
Item 435 - Department of Motor Vehicles (DMV)
Funding for Administration of Abusive Driver Fees

General Assembly Action: Included language authorizing DMV to retain up to 13 percent of the revenues generated by the abusive driver provisions included in HB 3202 to fund administrative and collection costs of the program. The revenue estimate attached to the abusive driver fees was offset by 18 percent to account for these costs.

Governor's Action: Includes language authorizing the Governor to expend additional revenues to implement the program if vendor bids for program administration exceed thirteen percent of the revenues collected.

Notes:

- Language in HB 3202 establishes an inter-agency working group to determine how to most efficiently implement the provisions of that legislation. The abusive driver program may be administered by DMV, the Department of Taxation or an outside vendor. That determination has yet to be made.

Amendment No. 9
Item 454 - Virginia Port Authority (VPA)
Payments to Localities Hosting Port Facilities

General Assembly Action: Provided $1.0 million each year from the general fund for city street payments to the localities hosting VPA facilities as proposed in the introduced budget.

Governor's Action (Technical): The proposed amendment clarifies that the requirement that the funds be distributed among the localities based on twenty-foot equivalent units relates only to the portion of the payments distributed based on cargo and does not impact the portion of the pre-existing formula which is based on value of the tax exempt property.

Amendment No. 10
Item 461 - Central Appropriations
Clarify Faculty Salary Compensation

General Assembly Action: Increased the second year salary adjustment from 3% (as approved in Chapters 3 & 10) to 4%. Included funding and language to provide a 4% salary adjustment for all state employees, including college faculty, effective November 25, 2007, and local state
supported employees effective December 1, 2007. The adopted budget provides an additional 10% salary adjustment for nursing faculty at institutions of higher education. In the budget, the funding for the initial 3% salary adjustment for college faculty approved in Chapters 3 and 10 is included in the appropriations for the higher education institutions and funding for the additional 1% increase is included under central appropriations.

**Governor's Action (Technical):** The proposed amendment adds language in Central Appropriations which clarifies that funding is included throughout the budget to provide an average salary adjustment of 4% for staff at institutions of higher education and provide an additional 10% salary adjustment for nursing faculty staff.

**Notes:**

- The enrolled budget provided funding and authority for the salary actions to be implemented. The Governor’s amendment is intended to clarify the actions funded and authorized in the budget.

**Amendment No. 11**

**Item 462 - Central Appropriations**

**Provide Funding for Fiscal Impact of HB 2749 / SB 1071**

**General Assembly Action:** Provided $1.2 million in the second year from the general fund for the planning, design, and site selection costs of developing a new state correctional facility in Charlotte County.

**Governor’s Action:** Proposes an amendment which would:

1. Provide an additional $38,469 in the second year from the general fund that, when incorporated with the $1.2 million provided for the development of the Charlotte County correctional center, fully funds the fiscal impact statement issued by the Virginia Criminal Sentencing Commission for the additional prison beds necessary to implement HB 2749 and SB 1071 as adopted by the General Assembly. The amendment designates the additional $38,469 for use in the planning, design, and site work necessary to the development of the Charlotte County correctional center.

2. Provide $433,600 in the second year from the general fund for six additional state troopers to monitor sex offenders’ adherence to the provisions of HB 2749 and SB 1071, which, in addition to enhancing the penalties for those persons engaged in the production of child pornography, require sex offenders to notify the State Police of their internet addresses, e-mail names, screen names, and chat room identifications.
Notes:

- Originally, the funding for the planning, design, and site selection costs of the Charlotte County correctional center was tied to the fiscal impact statement issued by the Virginia Criminal Sentencing Commission for HB 2749.

- That fiscal impact on the additional prison beds that would be required for sex offenders who were found guilty of failing to notify the State Police of their internet addresses, screen names, and chat room identifications or those persons found guilty of engaging in the production of child pornography was originally estimated at $1,194,404.

- As adopted by the Senate, there was no fiscal impact associated with SB 1071.

- The final fiscal impact issued by the Virginia Criminal Sentencing Commission for HB 2749 and SB 1701, as adopted, which was released on March 13, 2007, re-estimated the costs of these additional prison beds as $1,238,469.

- A fiscal impact statement for HB 2749 and SB 1071 released by the Department of Planning and Budget estimated that six state troopers would be needed to implement the provisions of HB 2749 and SB 1071. However, no funding was included for these additional state troopers in the Conference Report for HB 1650 because the State Police have yet to fill the 45 positions created to police sex offenders during the 2006 Session of the General Assembly.

Amendment No. 12
Item 463.10 - Central Appropriations
Tuition Incentive Fund

General Assembly Action: Established a Tuition Moderation Incentive Fund linking $7.2 million GF allocations with public colleges and universities limiting tuition and mandatory E & G fee increases to no more than six percent for in-state undergraduate students.

Governor’s Action: The proposed amendment allows institutions to exceed the six percent tuition and fee level provided that the additional increase is used only for student financial aid for in-state students and that the overall increase not exceed the amount reflected in each institutions’ six-year financial plan.

Notes:

- It is expected that each Board of Visitors will designate any increase above six percent for financial aid as a part of its resolution approving the increase.
Amendment No. 13
Item 473 - Virginia Retirement System
Clarify State Police Compensation

General Assembly Action: Authorized an increase in the multiplier under the State Police Officers Retirement System from 1.7% to 1.85% per year of service times the member’s average final compensation.

Governor's Action (Technical): Deletes language in the budget authorizing the increase in the multiplier, because Chapter 819 of the 2007 Acts of the Assembly (SB 1166) authorizes the increase in the multiplier and the budget language is not necessary.

Notes:

- The language included in the budget related to the provision of benefits to local law enforcement officers was not consistent with the language included in Chapter 819 and the language is being deleted to avoid any potential conflict.

Amendment No. 14
Item 478 - Virginia Workers' Compensation Commission
Workers' Compensation Commissioners Compensation Adjustment

General Assembly Action: Provided an additional 4% salary increase effective November 25, 2007 for judges of the Supreme Court of Virginia, the Court of Appeals of Virginia, Circuit Courts, General District Courts, Juvenile and Domestic Relation Courts, and Combined District Courts. This increase, in addition to the 4% increase provided to all state employees, results in a total increase of 8% effective November 25, 2007. The language also authorizes the 8% salary adjustment for Commissioners of the State Corporation Commission whose salaries are funded with nongeneral funds.

Governor's Action (Technical): The proposed amendments include Commissioners of the Workers’ Compensation Commission in the group that receives the 8% salary increase, as opposed to the 4% increase. This amendment adjusts the salaries for the Commissioners that are stated in the Act under the Workers’ Compensation Commission item.

Notes:

- Amendment 1 is a companion amendment which authorizes the 8% salary adjustment for the Commissioners of the Workers Compensation Commission.
• The Governor’s amendment increases the salary for the Chairman of the Workers’ Compensation Commission to $158,286.

• The Governor’s amendment increases the salary for the other two Commissioners of the Workers’ Compensation Commission to $155,034.

Amendment No. 15
Item C-61.95 - James Madison University
Change Fund Source for East Campus Property Capital Project

General Assembly Action: Provided $9.0 million from nongeneral funds to acquire property on the east side of campus. The source of the nongeneral funds are auxiliary enterprise fund balances.

Governor’s Action (Technical): The project as approved by the General Assembly inadvertently appropriated the financing through nongeneral fund balances. The proposed technical amendment changes the fund source from nongeneral funds to 9(d) revenue bonds and includes language authorizing the use of fund balances to reduce the amount of debt upon approval of the Director, Department of Planning and Budget. This makes the item consistent with a similar amendment approved by the General Assembly for James Madison University on the construction of softball fields and baseball complex.

Notes:

• A companion amendment adding this project to the 9(d) bond table is in Item C-328.

Amendment No. 16
Item C-326.10 - Central Capital Outlay
Capital Lease Authorization

General Assembly Action: No action.

Governor’s Action (Technical): The proposed technical amendment grants authority for the Department of Health, Department of Rehabilitative services, the Department of Environmental Quality, the Department of Housing and Community Development, and the Department of Corrections to renew or replace existing capital leases that will expire during the current biennium.
Amendment No. 17
Item C-61.95 - Central Capital Outlay
Corrects 9(d) Bond Table

General Assembly Action: Specified the projects to be funded through the use of 9(d) revenue bonds in this item.

Governor's Action (Technical): The proposed technical amendment is a companion amendment to Item C-61.95. The amendment adds the East Campus Property Acquisition project to the table. In addition, the amendment corrects two entries on the table, an item number for James Madison University and a project code for Virginia Commonwealth University.

Governor's Proposed Amendments - Bills Considered by House Appropriations Committee

HB 1681 / SB 749
Two-Year College Transfer Grant Program

General Assembly Action: Approved legislation to establish the Two-Year College Transfer Grant Program. The program provides higher education grants of up to $2,000 per year to domiciles of Virginia who have successfully completed an acceptable associate degree program at a public two-year institution of higher education. To be eligible to receive a grant, a student must (i) have received an associate degree at a Virginia two-year public institution of higher education, (ii) have enrolled in a Virginia four-year public or private institution of higher education by the fall following the award of the associate degree, (iii) have applied for financial aid, and (iv) have financial need. Eligibility is limited to three academic years or 70 credit hours. The State Council of Higher Education (SCHEV) must promulgate necessary and appropriate regulations for its administration. Highlights of the program are as follows:

- The program as approved is prospective with incoming classes for VCCS and Richard Bland of Fall 2007 with the first grant provided in FY 2009. The General Assembly provided $1.8 million in “seed” money in HB 1650 for those students entering in Fall 2007 as good faith commitment with a mandatory reappropriation into the 2008-10 biennium.

- The program requires a 3.0 GPA to obtain the grant and the student must maintain 3.0 GPA to keep the grant.
• Financial need is determined by use of the Expected Family Contribution methodology (a federal standard calculation of financial need) instead of median income.

• Grant amounts for students entering high need disciplines/programs (nursing, teaching, mathematics, sciences, engineering) are fixed at $2,000. The grant amount is $1,000 for all other disciplines/programs.

• SCHEV will discount state student financial aid eligibility by the amount of the grant.

**Governor's Action (Technical):** The proposed technical amendment makes two changes. First, it inserts a dollar sign next to the Expected Family Contribution level. Second, it provides that institutions of higher education, instead of SCHEV, will discount state student financial aid eligibility by the amount of the grant. Financial aid programs are administered at each college and university.

**HB 1710 / SB 771**
Chesapeake Bay Bond Act

**General Assembly Action:** Approved legislation providing for the issuance of up to $250 million in bonds by the Virginia Public Building Authority but only to the extent that additional appropriations are not made to the Water Quality Improvement Fund (WQIF) or the balances in the WQIF prove insufficient to support the grants provided to wastewater treatment plants for the design and installation of improved nutrient reduction technology. The legislation also clarifies the timeframe for the distribution of these grants, and requires the Department of Environmental Quality to develop and include cost containment measures in the grant agreements with localities or public service authorities that own these wastewater treatment plants.

**Governor's Action (Technical):** The Governor proposes amendments which would:

1. Require that when the grants disbursed from the Water Quality Improvement Fund (WQIF) total $500 million, then the House Agriculture, Chesapeake, and Natural Resources Committee; the House Appropriations Committee; the Senate Agriculture, Conservation, and Natural Resources Committee; and the Senate Finance Committee will review the future funding needs of the WQIF and the appropriate funding mechanisms for those needs.

2. Clarify that the General Assembly’s authority to use bonds for the provision of grants for wastewater treatment improvements is not dependent upon the Department of Environmental Quality’s determination that such bonds are necessary.
3. Eliminate a conflict that existed between the first and third enactment clauses of the bill. Although the first enactment clause stated that the General Assembly was solely responsible for determining how to finance the issuance of grants for upgrading wastewater treatment plants, the third enactment clause permitted the Virginia Public Building Authority to issue debt as soon as the act went into effect.

**HB 2035**

**Human Papillomavirus Vaccine**

**General Assembly Action:** Approved legislation to require females to receive three doses of properly spaced Human Papillomavirus (HPV) vaccine. The first dose is required to be administered before the child enters the sixth grade, effective October 1, 2008. (The primary impact of the bill would be in the 2009 school year.) Parents may choose to opt-out of the vaccine for their children, after reviewing materials describing the link between the human papillomavirus and cervical cancer. To opt out, a parent or guardian must indicate so on an appropriate form developed by the Board of Health.

**Governor's Action:** Proposes an amendment to the opt-out provision of the bill, which does not require a parent or guardian to fill out a written document if they choose for a child to not receive the vaccine, after reviewing approved materials.

**HB 2361 / SB 1168**

**Compensation of Court-appointed Counsel**

**General Assembly Action:** Approved legislation establishing waivers from the statutory maximum compensation levels now paid to court-appointed counsel representing indigent criminal defendants. These waivers would be based upon the effort expended, the time reasonably necessary for defense of the charge, the novelty and difficulty of the issues or such other circumstances as may warrant the issue of the waiver. These waivers would vary by the type of charge involved as follows: $850 for Class II felonies, $155 for Class III to VI felonies, and $120 for charges involving the district courts or juvenile and domestic relations district courts. In addition, in extraordinary circumstances, the legislation permitted the issuance of a second level of waiver that would require the approval of the presiding judge and the Chief Judge of the Circuit. All waivers would be subject to guidelines developed by the Office of the Executive Secretary of the Supreme Court.

**Governor's Action:** Proposes an amendment which would:
1. Require that court-appointed counsel representing juveniles charged with crimes that would be considered felonies, if committed by an adult, be paid similar rates as the court-appointed counsel defending indigent adult criminal defendants charged with those crimes.

2. Change the words “waiver” or “waivers” to “amount” or “amounts” throughout the legislation.

3. Eliminate language stating that public defenders may not receive the second level waivers provided for in the legislation. This language is not needed because public defenders do not receive payment from the Criminal Fund and their functions are described in a different section of the Code of Virginia.

4. Require the Executive Secretary of the Supreme Court of Virginia to track and report on (i) the number and category of offenses involving adult and juvenile offenders represented by court-appointed counsel and (ii) the amount of any waivers paid above the statutory maximum compensation levels for court-appointed counsel.

Notes:

- Paying court-appointed counsel representing indigent juvenile defendants charged with crimes that would be considered felonies, if committed by adults, at the same rate as court-appointed counsel representing similarly charged adults would require $3.0 million in additional general fund support.

- The Governor did not include any additional funding in the adopted budget for the implementation of this amendment.

- The Office of the Executive Secretary of the Supreme Court of Virginia does not maintain any data on the types of charges facing indigent juvenile defendants. Because all juvenile charges are considered misdemeanors, there has been no need to capture this information. The adopted budget includes $100,000 and two positions for the Executive Secretary to begin collecting such information. Consequently, the reporting language proposed by the Governor may not be needed.

**HB 2370 / SB 1218**

**Health Insurance Credit for Retired Teachers**

**General Assembly Action:** Approved legislation to increase the monthly health insurance credit for retired teachers from $2.50 for each full year of service with a maximum credit of $75 per month, to $4.00 per year of service with no monthly maximum. In addition, the legislation modified the method for calculating the health credit for members who retire under disability.
Previously, teachers retiring under disability automatically received a monthly health insurance credit of $75 per month. The legislation sets the health credit for members retiring under disability at $4.00 times the lesser of twice the amount of creditable service earned or the amount of creditable service the member would have completed at the age of 60 if they had been able to continue to work.

**Governor's Action:** Proposes an amendment stating that individuals currently receiving the health insurance credit under disability retirement will retain the $75 monthly health insurance credit if their credit under the revised method would result in a monthly health insurance credit below $75.

**Notes:**

- The Virginia Retirement System data indicate that approximately 225 teachers currently retired under disability would have a health insurance credit less than $75 per month based on the revised method.

- The formula included in HB 2370 and SB 1218 to calculate the service period under disability retirement is consistent with the formula used to calculate the retirement allowance for state employees who retire under disability.

**HB 3037**

**Potomac River Fisheries Commission**

**General Assembly Action:** Approved legislation increasing the compensation for members of the Potomac River Fisheries Commission from $25 for each day or portion thereof spent performing their duties to $250 for each such day or portion thereof. The total compensation these Commission members may collect is limited to no more than $1,500 per year. The legislation also permits the Commission’s employees and its retirees to participate in the health and related insurance programs available to state employees of Virginia or Maryland, depending upon the employee’s residence, and permits the Commission to lease the river bottom or water column within its jurisdiction pursuant to rules, regulations, and fees as it may establish. The legislation does not take effect unless Maryland enacts similar provisions.

**Governor's Action (Technical):** Proposes an amendment that moves the reference to the total $1,500 compensation limit for Commission members to an earlier section of the sentence.
SB 738
Psychiatric Inpatient Treatment of Minors Act

General Assembly Action: Approved legislation clarifying that retired judges, substitute judges, and special justices are authorized to perform hearings under the Act and to receive compensation. In order to be authorized to perform hearings, such judges or justices are required to complete a training program, prescribed by the Executive Secretary of the Supreme Court.

Currently, only juvenile and domestic relations court judges are specifically authorized to perform hearings under the act. The legislation also specifies that special justices shall serve under the supervision and at the pleasure of the chief judge making the appointment for a period of up to six years, and may be reappointed.

Governor’s Action (Technical): Proposes an amendment to delete language erroneously added to one paragraph and conforms the legislation to HB 2530.

SB 787
Animal Emergency Response Plan

General Assembly Action: Approved legislation directing the Department of Emergency Management to develop an emergency response plan to address the needs of agricultural and companion animals and to assist and coordinate with local agencies in developing an animal emergency response plan.

Governor’s Action: Proposes an amendment which would eliminate the need to develop an emergency plan for agricultural animals and instead requires the development of a plan for individuals with companion or service animals.

SB 1270
Onsite Sewage Disposal Systems

General Assembly Action: Approved legislation clarifying the responsibility of the Board of Health for the supervision and control over the maintenance, inspection, and reuse of alternative onsite sewage systems. The legislation requires the Board of Health to promulgate regulations governing the requirements for maintaining alternative onsite sewage systems. Responsibility for licensing individuals as onsite soil evaluators, onsite sewage system installers, and onsite sewage system operators is vested with a newly reconfigured Board for Waterworks and Wastewater Works Operators and Onsite Sewage System Professionals, within the Department of Professional and Occupational Regulation. The legislation updates the definition of alternative onsite sewage
system, conventional onsite sewage system, and licensed onsite soil evaluator. The legislation is effective date July 1, 2009, except for provisions changing the composition of the Board for Waterworks and Wastewater Works Operators to include onsite sewage system professionals and requiring the Board to establish a program for licensing individuals as onsite soil evaluators, onsite sewage system installers, and onsite sewage system operators.

**Governor's Action (Technical):** Proposes a number of technical amendments which correct and clarify the legislation, as follows:

1. Corrects the Code citation for the definition of alternative onsite sewage systems.
2. Corrects the terminology to refer to “licensed” onsite soil evaluators instead of “authorized” in one section of the legislation.
3. Includes a definition of an onsite sewage system in a section which is referenced by another section of the legislation.
4. Clarifies the definition of “operator” to include one whose duties include operating and maintaining onsite sewage systems.
5. Adds a citizen member to the reconstituted Board for Waterworks and Wastewater Works Operators and Onsite Sewage System Professions that was inadvertently omitted.
6. Corrects grammatical errors.

**SB 1301**  
**Funding for Combined Sewer Overflow Projects**

**General Assembly Action:** Approved legislation providing for the transfer of a portion of the proceeds from the Water Quality Improvement Fund (WQIF) designated for the control of nonpoint source pollution to the Combined Sewer Overflow Matching Fund for use in the completion of the combined sewer overflow projects in the cities of Lynchburg and Richmond. These transfers are subject to the following conditions:

1. Up to one-half of any year-end revenue surplus may be transferred to the Combined Sewer Overflow Matching Fund when 70 percent of any year-end surplus deposited in the WQIF is designated for nonpoint pollution control.
2. Up to one-third of any year-end revenue surplus may be transferred to the Combined Sewer Overflow Matching Fund when less than 70 percent of any year-end surplus deposited in the WQIF is designated for nonpoint pollution control.

3. Transfers would be made between July 1, 2007, and June 30, 2017, or for a lesser period if transfers to the Combined Sewer Overflow Matching Fund total $70 million.

**Governor's Action:** Proposes an amendment in the nature of a substitute which would:

1. Permit the Governor to provide additional general fund appropriations for nonpoint source pollution control.

2. Eliminate the General Assembly’s control over the reserve fund created within the Water Quality Improvement Fund (WQIF) during the 2004 Session of the General Assembly. This reserve fund was created to serve as a source of water quality funding when no year-end revenue or budget surpluses were available for deposit to the WQIF.

3. Use the WQIF reserve fund as the source for transfers to the Combined Sewer Overflow Matching Fund for financing the completion of Lynchburg and Richmond’s combined sewer overflow projects when the General Assembly does not provide $5 million or more for these projects.

4. Provide for the direct transfer of any deposits to the WQIF reserve fund totaling less than $5 million to the Combined Sewer Overflow Matching Fund.

5. Ensure that the completion of Lynchburg and Richmond’s combined sewer overflow projects remains a yearly budget issue.

**Notes:**

- The Code of Virginia currently requires that any additional general fund appropriations to the WQIF be used to upgrade wastewater treatment plants’ nutrient removal technology. This language reflects the General Assembly’s prioritization of wastewater treatment plant improvements as the most cost effective and accountable use of WQIF proceeds.

- The total amount of any year-end revenue surpluses that may be deposited to the WQIF is 10 percent.

- 15 percent of any deposits to the WQIF from year-end revenue surpluses is held in the WQIF reserve fund.

- The current balance in that WQIF reserve fund is about $14.8 million.
• If no additional appropriations were made to the Combined Sewer Overflow Fund, the Governor’s amendments would eliminate the WQIF reserve fund balances within three years.

• Transferring any deposits to the WQIF reserve fund of less than $5 million in any one year to the Combined Sewer Overflow Fund would likely mean that the WQIF reserve fund would no longer grow or serve its purpose as a hedge against poor revenue collections or the absence of year-end revenue surpluses.

• The enrolled legislation was developed to reduce the need for yearly budget debates regarding the completion of Lynchburg and Richmond’s combined sewer overflow projects. The Governor’s substitute continues this debate.

• The Governor’s substitute may cap the total amounts that Lynchburg and Richmond receive from the state at either a total of no more than the amounts in the WQIF reserve – about $14.8 million. If annual appropriations for the projects are made, the Governor’s amendments likely would mean the two cities would receive no more than $5 million in any one year. In contrast, under the enrolled legislation, there is the opportunity that much more money would be available for these combined sewer overflow projects in certain years.